Japan agonises over economic growth, Page 14

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EUROPE'S BUSINESS NEWSPAPER

NEWS SUMMARY

GENERAL

British water strike over

Britain's four-week-old national water strike was called off last night after unions representing 28,000 workers and employers accepted the findings of a committee of inquiry which gave pay rises of

about 11 per cent over 16 months.

The unions hailed the settlement as a victory but the employers, the National Water Council, insisted that the report by Dr Tom Johnston did not recognise the unions' centrai claim for an improvement in the relative earnings position of water and sewerage workers.

Even so, the size of the deal which means increases of 14 per cent on basic rates - is a blow to government hopes of restraining the level of pay increases. The deal will be seen as a target for other public sector groups with proven industrial muscle. Earlier story,

Strauss warning

West German CSU leader Franz-Josef Strauss warned that U.S. forces might withdraw from Germany if the country rejected the stationing of medium-range Pershing missiles - a major issue in the campaign for next month's elections.

Hijack ordeal

The three Libyan hijackers who have held 161 hostages at Valletta, Malta, for two days, have appealed to the U.S. to mediate in negotia-tions to allow them to fly to Moroc-

Tax office blast

A women was killed and six others hurt when a bomb exploded at Sweden's central tex office in Stockholm.

Indian Premier Mrs Indira Gandhi

appealed for a halt to the bloodshed in elections which has left hundreds of people dead in Assam. Page 6

Gandhi appeal

Border tension Liberia said 2,000 troops have been ordered to the Sierra Leone border after a false report in Freetown that Liberian head of state Samuel Doc

had killed his wife.

Baby killings probe Ontario's attorney-general reported strong evidence that seven babies were deliberately killed by an overdose of the heart drug digoxin at Toronto's Hospital for Sick Children. Police are investigating.

Gruelling tour

Pope John Paul will visit eight countries in nine days on his tour to next month.

Lebanese rescued

U.S. marine: belicopters rescued four blizzard victims in central Lebanon as the international peacekeeping force joined mercy opera-tions. Beirut Radio said 43 have died on the Beirut-Damascus mo-

Italian N-plants

Italy has decided to start work on three large nuclear power stations within two years. The Government is backed by a law allowing it to go ahead with construction even if local authorities object. Page 16

Karachi: Six people were hurt when police opened fire on hun-dreds of Sunni Moslem protesters. San Salvador: Guerrilla radio said three missing foreign journalists

Nairohi: Kenya released 473 people

JAKARTA bankers fear a 25 per accused over an abortive coup ataccused over an abortive coup attempt last August.

BUSINESS

Brazil unveils aid for industry

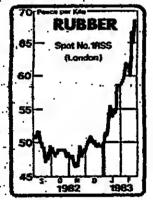
 BRAZIL cut import duties on raw materials by 10 per cent to 25 per cent in an economic package designed to aid industry after the devaluation of the cruzeiro last week. At the same time, it has asked to delay repayment of a \$1.2bn emergency loan co-ordinated by the Bank for International Settlements in December

• GHANA has agreed in principle on a recovery programme backed by the International Monetary Fund. It is believed to involve a stand-by facility of more than SDR 200m(\$212m). Page 16

• GOLD fell by \$16.5 to \$488 in Loudon. It slipped by \$12.5 in Frankfurt to reach \$488.25. In Zu-rich it closed \$18 down at \$486.5. In New York the Comex February set-tlement was 25 points down at \$480.

© DOLLAR rose to DM 2.412 (DM2.395), FFr 6.84 (6.7825); SwFr 2.92 (SwFr 1.993) and Y234.15 (Y232.5), Its Bank of England tradeeighted index was 119.3 (118.8).

• STERLING closed 1.35 cents down at \$1.5205 and fell to DM 3.67 (DM 3.675), FFr 10.4 (FFr 10.4025), Y356.25 (Y356.75) but it rose to SwFr 3.0725 (SwFr 3.06). Its trade-weighted index hit a 41/2-year low at 79.7 (80.2), Page 32



BUBBER PRICES rose sharply in London to the highest level for almost three years: the R.S.S. No 1 spot quotation jumped 3.5p to 66.5p a kilo. Page 29

• LONDON: FT Industrial Ordipary findex fell 2.2 to 6424. Government Securities weakened. Page 25. FT Share Information Service,

• WALL STREET closed down 12.42 at 1,080.40. Page 25. Full share listings, Pages 26-28

• HONG KONG; Hang Seng index added 6.7 to close at 990.52. Pages

• TOKYO: Nikkei Dow index lost 69.11 to end at 7918.16. Stock Exchange index shed 3.17 to 579. Pages 25, 28

• FRANKFURT: Commerzbank index fell 5.3 to 791.3. Pages 25, 28 • AUSTRALIA: All-Ordinaries index lost 0.6 to close at 504.2. Pages

 DEERE, the leading U.S. farm and industrial machinery manufacturer, reported a \$28.5m loss for the

first quarter to January 31, com-pared with a \$33.7m net profit. Page 17 ■ AMERICAN Motors fell deeper

into the red in 1982 with a \$153m loss, against \$136.6m. Page 17 • MANNESMANN, West German

steel pipe and mechanical engineering group, held net profits at about the 1981 figure of DM 272m (\$113.5m), despite a 7 per cent sales increase. Page 17

 ATARI, the video games subsidiary of Warner Communications, is to loy off 1,700 workers in Califor-

cause of the oil price crisis.

Klöckner could prove weak link in 'Ruhr group' steel

EFFORTS to restructure the tottering West German steel industry

have run into serious difficulties with growing worries that Klöckner-Werke, the fourth largest concern and the outsider of the group, could prove the weak link that causes the whole chain to snap.

"Since Carnival Friday (February 11)" a banker specialising in the steel industry said this week, "every day has threatened Klockner with Vergleich."

This means composition proceedings to allow protection from creditors. While Bonn is not so pessimis-

It would be the greatest corporate group," on which talks are well adsupervisory board chairman of Klöckner-failure after AEG, would seriously vanced. Klöckner-Werke and partner of objected affect the re-election chances of On February 3 Klöckner and Co., which owns 10 they finance with the finance of the february 3 klockner and Co., which owns 10 they finance with the finance of the february 3 klockner and Co., which owns 10 they finance with the finance of the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co., which owns 10 they finance with the february 3 klockner and Co. Chancelior Helmut Kohi's conservative-liberal coalition, and would derail a plan to restructure the industry, widely regarded as a

dependent experts or "moderators" in January, envisages merging Klöckner with Hoesch in Dortmund and the state-owned Salzgitter to form a "Ruhr group" competing with a merger of Thyssen and

nounced that its bank creditors, including the house bank, Deutsche Bank, bad agreed to maintain credit lines at the "current level."

The announcement said nothing about new liquidity needs although This plan, suggested by three in- every month has seen demand for steel products falling and the indus try as a whole faces losses of DM 3hn (\$1.25bn) this year.

Bankers say Klockner-Werke has asked Bonn for up to DM 400m to allow it to take part in the restruc-Krupp Stahl, known as the "Rhine turing plan, and Herr Joerg Henle. The regional governments where

and does its marketing, has peti-tioned Chancellor Kohl on it behalf. Further, the February 3 announcement said the hanks were

The IG Metall union opposes the plan, and the Hoesch workforce demonstrated against the threat to jobs in Dortmund on Saturday.

Klöckner the has plants has objected to they finance hair they fin per cent of the Duisburg concern the overall restructuring estimated by the moderators at DM 2bn to DM 3bn. Above all, Hoesch, which would

ಕಾಗಿತ್ತುವ ಎಂದು ಕಾರ್ಯಕ್ಷಮ ಪ್ರಕ್ಷಾಣ ಕಾರ್ಯಕ್ಷಕ್ಕಾಗಿದೆ ಎಂದು ಬಿಡುವಿದ್ದಾರೆ. ಅಂದು ಕಾರ್ಯಕ್ಕೆ ಮುಂದು ಕಾರ್ಯಕ್ಕೆ ಮುಂದು ಬಿಡುವುದ

be the Ruhr group's administrative centre has indicated that it is ex-"confident" for Klöckner-Werke's tremely duhious about negotiating with "the outsider" in its present fi-nancial state and is asking Bonn to future but based this on the speedy consummation of the moderators do the necessary "spring cleaning"

This aid should also permit it to write down its relatively new steel operation in Bremen, which has

achieved better than miserable capacity use, and which Ho-esch and Salzgitter consider grossly

overvalued for merger purposes.

However, the Economics Ministry, at least until the election a bastion of the Free Democrat Party's liberal economic policies, has dug in

Count Otto Lambsdorff, the FDP minister, had to swallow his principles to rescue the industry in the Saarland last year because of the region's heavy dependence on the Arbed Saarstahl concern.

Continued on Page 16

Oil ministers seek backing for plan to avert price collapse

BY ROGER MATTHEWS AND CARLA RAPOPORT

win majority support for a compro-mise plan which might stave off the cepted by BNOC's major customers threat of a collapse in world oil

Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, is understood to have warned that if a compromise was not reached his country would bave no option but to protect its market share. He was quoted as saying: "My country will take no more after today and will adopt the measures needed to protect its

He was initially addressing coleagues from Kuwait, the United Arab Emirates and Qatar. But oil ministers from Oman and Bahrein, the other two members of the Gulf Co-operation Council, were understood to be in Riyadh. Representatives from Iraq and Libya may already have taken part in the talks. Pressure for a swift decision in-

tensified as spot market prices for North Sea crude oil fell to a fouryear low in very sparse trading. The price for North Sea Forties crude oil fell nearly 51 yesterday to land at a mid-point of \$27.25 compared with

who are hoping for further cuts.

Traders and oil analysts say the \$5.50 to \$30. The lower spot prices now virtually rule out the possibility of a defence of a \$30 barrel by

Gulf states, they say.

The Gulf oil states are urging agreement on a cut in the Opec reference price from \$34 to \$30 or \$29. If this wins majority Opec support, they favour a last-ditch appeal to Nigeria to reduce its announced price cut by \$1.50, thereby putting

Arabia and its Gulf allies are be-lieved to have prepared a sharper an oil is limited but important. An price cut. They will make this near industry official said last night. It to Lagos. proved the Gulf plan and Dr Hum- crude oil."

OIL MINISTERS from the Organi- The spot prices are now about 10 Mexico in an attempt to persuade sation of Petroleum Exporting per cent lower than the British Nather Government to delay the price Countries (Opec) met in Saudi tional Oil Corporation's (BNOC) cuts it said would be announced by Arabia yesterday in an attempt to proposed contract price of \$30.50. Friday. The smaller Opec producers win majority support for a comprobut pressed the need for a swift de-

> "Now that the market has a whiff spot market was pulled down by Niof something lower, the Gulf states
> seria's decision to cut its prices by
> are going to find it difficult to hold up the price at \$30 or higher," Mr David Gray, an oil analyst for James Capel, the London Stockbro-kers, said. "Last week they might have managed it, but this week it looks too late. It is not an impres-

> Michael Holman writes: Lagos announced increased profit margins for companies operating in Nigeria. The move, which raises the compathe price of Bonny Light at \$31.50. nies' profit share per barrel thev No attempt will be made to contact produce for themselves from \$1.60 Iran; which is considered to be be- to \$2, and allows deductions for operating costs to rise from \$1.50 to \$2 If Nigeria fails to conform to the a barrel, provides the oil majors majority Opec view, then Saudi with a de facto price cut.

> gives the producing companies an Venezuela is thought to have ap- additional incentive to move their berto Calderon Berti, its Oil Minis- Why prices must fall more, Page 15;

3-Month Interbank **Sterling**

drifts lower

By Jeremy Stone in London AMID FRESH nervousness

about the outlook for crude oil prices, the pound yesterday drift-ed to its lowest effective exchange rate since Jnne 1978. closing in London at 79.7 on the Bank of England's trade-weighted index (1975 = 109). Its close against the dollar was \$1.5205, down 1.35 cents on the day. The pound closed in New York at \$1.5162.

The anxious mood also pushed up interbank interest rates in London, and caused falls on the gilt-edged market of more than a point at the longer maturities. At the sa

speculative positions in New York and Chicago was apparently responsible for a sharp fall in the price of gold, and for a sud-den spurt in U.S. dollar exchange pean currencies.

U.S. in security offer for Israeli withdrawal

BY REGINALD DALE; U.S. EDITOR, IN WASHINGTON

after a complete withdrawal of the israelis from Lehanon.

He again called on Israeli, Syrian and Palestinian forces to pull out of Lebanon "in the shortest possible

White House officials insisted Mr Reagan was simply repeating past security guarantees to Israel, not launching a new Middle East peace. He

The offer was nevertheless seen in Washington as a further bid to unblock the Israeli-Lebanese negotiations on force withdrawals and speed the overall peace process.

Mr Reagan gave no details of bow Washington might be considering of a wider role for U.S. forces al- West Bank and Gaza. ready in Lebanon as part of the multi-national peace-keeping force.

nowever, mat any creased American presence should those of the 1930s, when a disasbe part of a wider international ef- trous military imbalance bad

posals that Israeli forces should continue to man monitoring stations in southern Lebanon to protect the frontier after the main body of the army departs. Israel has said it does not trust international forces to do this.

U.S. officials bave suggested that

PRESIDENT Ronald Reagan yes- one way to solve the deadlock terday offered to take all neces- would be to intensify intelligence sary measures to guarantee the se- operations in southern Lebanon to curity of Israel's northern borders give Israel the increased protection cited by the Jerusalem Government as its main objective in last June's

In a wide-ranging review of U.S. foreign policy after two years in of-fice, Mr Reagan said be wanted to give maximum momentum to the elusive search for a Middle East

He again encouraged the Arah world to "accept the reality" of Israel and the reality that peace and justice are to be gained "only

through direct negotiation." He requested further support for efforts by King Hussein of Jordan to bring together a Jordanian-Palestinian team to join the peace negoing guaranteeing the border but his tiations and appeared to offer a use of the phrase "all necessary tresh inducement to the Arabs by measures" encouraged speculation suggesting that the future of Jerusthat the administration was think-

Mr Reagan's main purpose, in bis Mr Reagan has said several demonstrate that his foreign politimes he is prepared to add to the cies were working and that be had 1,300 or so Marines already in Lebanot abandoned the conservative non "if necessary" to secure a with- principles on which he was elected. drawal of all foreign troops. He has He defended his military build-

tempted the forces of tyranny and He bas turned down Israel's pro- evil and led to a ruinous war.

He repeated his offer to meet Mr Yuri Andropov, the Soviet leader, "any time and anywhere" to sign an agreement banning intermediate range nuclear missiles.

Libya accused of trying to smuggle arms, Page 6

EEC accepts Japan plan for videos by losses rates against continental Euro-The Bank of England, which in U.S. has been preventing very short Continued on Page 16 EEC TRADE Ministers yesterday how much more the consumer International markets, Section III By Eric Short in London

BY JOHN WYLES IN BRUSSELS

gave a grudging welcome to Japan's would have to pay. He implied that undertaking to "moderate" exports prices would have risen anyway beto the Community of video cassette cause the anti-dumping suiis filed recorders and nine other products. by Grundig and Philips against Jap

They want Tokyo to open up its anese producers would have resultinternal market much more to Eu- ed in anti-dumping duties on imropean manufacturers and they ported VCRs. stressed that the Community would press ahead with its complaint under the General Agreement on Ta-its undertakings as well as a deci-riffs and Trade (Gatt) in a hid to for-sion by France to lift its restrictions ce Japan to do so.

While broadly accepting the trade restraint deal negotiated in Tokyo 10 days ago by European Commis-sion vice-presidents Wilhelm Hafer-kamp and Etienne Davignon, Ministers were anxious to stress that the EEC-Japan trade problem was still very serious. All member-states are deter-

\$10bn trade deficit with Japan and the Tokyo agreement is, in the words of Britain's Trade Secretary, Lord Cockfield "a first step along the road we need to travel." The controversial arrangement to put a 4.55m ceiling this year on imports of Japanese VCRs drew very little criticism. Ministers accepted that further details on the applica-

tion of the arrangement needed to

mined to reduce the Community's

be worked out between the Commission and the Japanese. Nn one voiced any real concern about the impact of the agreement to raise the prices of Jananese VCRs by establishing a "floor price" in line with prices charged by the EEC to VCR manufacturers, Grundig and Philips,
Lord Cocklield said afterwards

that it was impossible to predict

Japan is looking for a withdrawal requiring all VCR imports to pass through the customs post at Poiti-

M. Michel Jobert, the French Trade Minister, boasted yesterday that the Poitier's strategem was largely responsible for securing the Japanese concessions. France is expected to lift this restriction gradually but M. Jobert warned yesterday that if Japan does not keep to its agreement to limit exports or if France's deficit with Japan continues to grow, "then other French

towns and other products will be heard of." In Paris last night, the External Trade Ministry said it was sticking for the moment to its regulations requiring customs clearance through Poitiers for Japanese

VCRs A Ministry spokesman denied that there was any link between yesterday's meeting of Trade Ministers in Brussels and a decision on the future of the Poitiers controls. He suggested there were other ways that Paris could acknowledge Japan's gesture over limiting VCR

Ambiguities admitted, Page 7; floppy disc warfare, Page 16

CU hit

COMMERCIAL UNION, one of the UK's largest insurance groups, yesterday reported record underwriting losses for 1982 of £271.5m on its worldwide general insurance opera-

precious year's losses and was the group's worst year since 1975. Mr Cecil Harris, CU's chief general manager, said there were se-vere problems in the U.S., where underwriting losses soared to £198m, and to a lesser extent in the

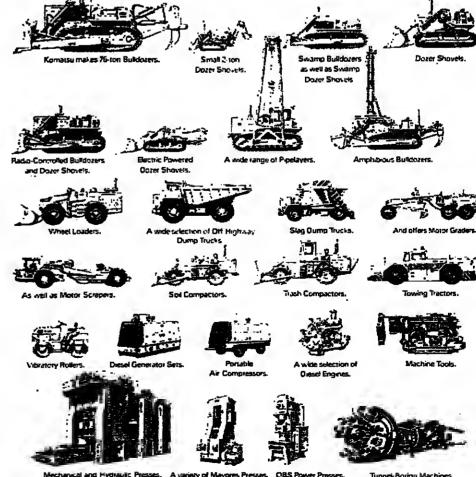
But he said he was not dissatisfied with the overall result. The year started with abnormally se vere winter weather on both sides of the Atlantic, which cost the group £-1m in abnormal weather

claims, he said. In the final quarter the group decided to inject £20m into strengthening the workers compensation re serves and liability classes in the

Allowing for these two items, the pre-tax figures would have not been much less than the previous year, a result that Mr Harris considers ac ceptable given the continued deterioration in trading conditions in world insurance markets. The group was expressing its confidence in the future by declaring ar unchanged dividend. He expected improved results

this year from higher rates and staff cuts. The CU has already announced its UK reorganisation plans involving a loss of 1,200 jobs. Details, Page 20; Lex, Page 16

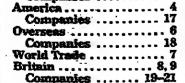
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World economy: why oil Editorial comment: missile prices must fall more 15 talks; Dutch economy 14 UK Labour Party: how not to Lex: markets; Commercial win an election 15 Union; oil; CRA Consol 16

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Assam: Gandhi faced by Kuwait:

Poland may be easing martial law sentences

By Christopher Bobinski in Warsaw

POLAND'S Supreme Court is to review one of the severest prison sentences handed down under the country's martial law. The case will provide an important pointer to official policy on political prisoners in Polsnd

The church bas called publicly for an amnesty for the more than 1,000 prisoners sentenced for political martial

law offences.
The military chamber of the Supreme Court is to review the case of Mrs Ewa Kubasiewicz, a librarian jailed for 10 years for helping to organise a short-lived protest strike against martial law at the Gdansk

Naval Academy.

Eight others in the case under review include Mr Jerzy Kowalczyk, from the naval academy, who was also the charman of the Gdansk Cotholic Intelligentsia Club. He was given nine years.

Recent sentences suggest that the authorities are moderating prison terms. Mr Zbigniew Romaszewski, a prominent underground organiser, for example, received four and a half years in prison for his role in setting up radio Solidarity. However, he does face further charges arising from his activities in the two months leading up to martial law.

At the same time, the outhorities are preparing the case against the five members of the KOR dissident group and seven national leaders of Solidarity. Both trials seem certain to evoke a storm of protest and could be postponed until after

Charges have been dropped, however, against 40 members many quite prominent and active—in the KPN nationalist movement in another sign that the authorities want to reduce the number of politically embar-rassing trials.

Renter adds: Mr Lech Walesa, leader of the banned Solidarity movement, yesterday changed plans to make his first visit to Poland's industrial heartland of Stiesia since his union was closed down under martial law. He denied suggestions he was under pressure not to make

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Harry Salter explains why a lingering row in the European Community is coming to a head

EEC shuffles blindfold towards UK budget crisis

major crisis over the problem of the UK contribution to the community budget.

The European Parliament approved last week a supple-mentary budget which will pay the UK for s series of regional and energy projects worth about £500m as compensation for the fact that it was a net contributor to the tune of £1.2bn in 1982. The compensation was not higher than this because of the "overpayments" of com-pensation for 1980 and 1981. Taking the three years together,

the UK got back about two-thirds of its net contributions. It was, however, clear that this was the last time Parllament would agree to ad boc compensation of this sort and compensation of this sort and
the French said plainly when
the supplementary budget was
accepted by the European Council that they would block similar payments in future years.
Everyone, including even the
Commission, says that the right solution to this problem is to "restructure the budget" — so

that the UK is no longer too large a net contributor.

This means introducing new general policies from which the UK. among others, will benefil, instead of expenditure designed specifically for the UK. But last week, neither the Commission's

THE Swiss Government has proposed new measures aimed

at supporting economically weak regions of the country and encouraging innovative ventures by small business. The proposals follow the

recent announcement of a SwFr 970m (£31.3m) econ-omic revival and job-creation

The regional development

measures are intended par-ticularly to help areas affected by the current difficulties of the watch

industry, as well as the mountain cantons. The Federal Council believes that

the economies of these regions are likely to remain

tronbled for several years. The proposals foresee a broadening of existing facili-

ties for granting government guarantees and contributions

All this is tragic for two reasons. First, the problem of the UK net contribution is not really big enough for the UK or its partners, or the European Parliament, to put at risk Britain's continued membership

The compensation the UK

to interest costs. At the same

time, the Government would

" innovation advisory units " in individual cantons or

communities.

An existing fund to aid the

mountain cantons would be gradually fed with an additional SwFr 300m (£97m)

Apart from this, the Federal

Council wants to see an innovation guarantee fund set

np. This would be financed initially by a non-repayable government contribution of SwFr 100m and would support

projects undertaken by com-

panies with fewer than 500 employees. Guarantees would

cover up to 85 per cent of

between 1986 and 1994.

a tragic situation Is that the preferred solution of restructuring the Community budget is pro-bably unattainable. Most of the protagonists know this, but they stubbornly insist on continuing down this road. What are the facts? In 1982

If there is no change, this scale of net contribution will continue. It can be made smaller either by reducing the UK share of financing or by in-creasing the UK share of expen-

tained several suggestions for

will no longer be all that much of a poor relation, and the introduction of one of these new methods is unlikely to reduce

There is another suggestion for new revenue "related to agricultural indicators"—which presumably means a sort of tax on agricultural production. This of the budget) and 20 per cent would certainly being the UK if the rest—an overall 13 per its could be made to finance. it could be made to finance cent. about one-third of the budget. Nobut at this sort of level it stands very little chance of being accepted by most member states. The one really significant benefit to the UK—a levy on imported oil—has been discarded, presumably because of likely

the UK share of contributions

tail.

On the very best of assumptions about changes in the method of financing, and ignoring the increase in the UK's percentage share which will certainly result from the entry of Spain and Portugal to the EEC, one cannot envisage the UK's overall contribution faling below 22 per cent—with a marginal rate (a re-vamped VAT perhaps combined with a modest agricultural production levy) of 20 per cent. If the states also have to benefit.

The UK at present gets about 20 per cent from the regional fund. When Spain and Portugal join the Community the UK share of the regional fund will drop to well below 20 per cent.

Even ignoring the impact of Spain and Portugal, it seems to be impossible for the UK to get more than 25 per cent of non-agricultural expenditure by the application of general policies.

objections by other member states and the international re-percussions which it would en-

The main remedy, therefore, bas to be found—as it has been for the past three years-on the expenditure side of the Com-munity budget. But how?

No-one pretends that agricul-tural expenditure will actually decrease significantly in volume. Therefore other expen-diture (regional fund, social fund, energy, transport, etc)
has to rise. But if this
is done by the application of
general policies and not by
specific measures for the UK,
then other eligible member states also have to benefit.

extra expenditure, its net gain is only five units for every 100

units of expenditure.

To "compensate" for twothirds of the deficit (say for £600m) there would have to be total new expenditure from the Community budget of £12bn almost doubling the present

Although such an increase is desirable, for quite other reasons than the UK problem, it is highly unlikely to occur in real lerms, in this decade. For one thing, it would be wbolly unacceptable to West Germany, which already has a problem as the other major net contributor. It would also be unacceptable to France, Denmark and the Benelux countries, who would themselves become net contributors.

So the "restructuring" idea

is a non-runner. It would be best if everyone were to recognise this and to face the fact before it is too late. The UK problem must either be forgotten or there must be a continuation of the specific expenditinuation of the specific expendi-ture designed to help only the UK and perhaps West Germany —the way the problem has been solved up to now.

Harry Salter is former direc-tor for budgetory financing in the EEC Commission.

Ouails on horizon for **Soviet** spacemen

Berlin DVI II drain

MOSCOW—Quall dinners may be in the offing for future cosmonauts if scientists are successful in trying to hatch eggs from the game birds in

outer space.
The Soviet space programme now concentrates on flights lasting more than six months and scientists here are evidently determined to provide cosmonauts with a more varied sojourns in space.

Tass, the official Soviet news agency, said yesterday that Soviet and Czechoslovak scientists had designed a special container for quali eggs that will keep them motiouless and at 2 constant temperature during the space flight.
"If the experiment proves a

success, this will lay the be-ginning for the creation of mini quali farms in conditions of weightlessness to supply cosmonants with food during lengthy flights," Tass said.

Details of the experiment and when it would be launched were not provided. Nor did Tass explain how spacemen would manage to bill and would manage to kill and clean the qualls and then dispose of their remsins while circling the globe.

The quall has been chosen be-cause its eggs hatch in 15-17 days while the common hen's egg needs 21 days' incuba-tion.

A single quall Tass said is capable of laying 250 to 300 eggs a year,

Last May, Tass reported that Parisian chefs had created a special menn for the joint Soviet-French space flight last summer. The diet of French cosmonaut Jean - Loup Chretien would consist of pate, crait paste, cheese, ragout of hare and spin, lobster, the agency said. In all, the diet was to comprise

The French Government, how-ever, later explained, without giving any reason, that the menus had been cut to one course each.

Lorries stranded A four-day-old strike by Italian customs officials had stranded about 1,400 lorries on both sides of the two main tunnels between France and Italy, AP reports Chamonix.

IT IS a tragedy that the Euronew Green Paper on financing pean Community is once again the budget nor President Gasshiffling billndfold towards a ton Thorn's annual statement of pushing this issue to a bead-on waiting in the wings, the UK to the financing of this pushing the problem.

policy to the Europesn Parlis-ment did much to give bope that a solution is in sight.

The stage now seems to be set for a crisis later this year—with Mrs Margaret Thatcher, the British Prime Minister the British Prime Minister, and Mr Geoffrey Howe, the Chan-cellor of the Exchequer, insiston a long-term solution and perhaps illegally withhold-ing the UK contributions if one is not forthcoming, with at least the French, in the Council, refusing to consider a continuation of ad hoc payments, and with the European Parilament probably "saeking" the Com-mission for failure to deliver the "budget restructuring" which they regard as the way out of the problem.

of the Community.

Swiss unveil measures to

support hard-hit regions

conflict.

The second reason that it is

the UK contributed about 24 per cent to the financing of the Community budget and benefited from about 13 per cent of the Community expenditure which can be allocated between member-states. Since from a total budget of £13bn about £11bn can be allocated to member-states, the UK net contribution was about £1.2bn.

Lasl week'a Green Paper con-

The compensation the UK will get this year is only about £10 per bead of the UK population; the cost of giving it is only about £ per cent of the Community budget which would have the broad general effect of making the shares of community budget. It is true that the sums are not Insignificant, but surely they weigh very little — for either side in did domestic product. But with

Greek-Soviet co-operation agreement signed

GREECE AND the Soviet Union yesterday signed a 10-year It is not known how much of agreement on co-operation in the economic, industrial, scientific and technological sectors that provides also for efforts to increase two-way trade,

It was signed by Dr Andreas

ancillary caustic soda unit.

It is not known how much of the alumina will go to the Soviet Union or East European countries. This question stalled a similar proposal agreed four years ago.

The agreement provides slso for s Soviet role in planning

It was signed by Dr Andreas for s Soviet role in planning Papandreou, the Greek Prime and constructing hydroelectric Minister, and Mr Nikolal Tikhonov, bis Soviet counterstations in Greece, the modernipart, on the second day of a salion and electrification of the three-day official visit by the Greek rail network, and conlatter to Atbens.

Dr Papandrenu sald yeslerday that a new page was opening in relations between the two countries. He added that he had countries, he added that he had accepted an invitation to visit Moscow, and hoped to go soon.

The 10-year agreement provides for the construction in Greece of an alumina plant with an initial annual production capacity of 600,000 tons, which will have Greek haurite.

struction of a pipeline that will eventually enable Greece to buy

There is to be similar co-operation in production of building materials, construction of sew-age disposal units and hospitals m Greece, and the carrying out of industrial and other works in the Soviet Union.

In the agricultural sector, the Soviet Union will belp to build This is intended to tion capacity of 600,000 tons, Soviet Union will belp to build which will use Greek bauxite irrigation systems, wheat silos, new forms of micro-technology as raw material, and of an and agro-industrial complexes.

and units for processing agri-cultural waste into animal feedstuffs.

Technological will range from prospecting for minerals to research into alternative sources of power, including solar energy. The agreement foresees possi-

bilities of increasing trade in a wide variety of products, includ-ing Soviet machinery, crude oil and petroleum products and natural gas, and Greek alumina and aluminium products, cement, marble, agricultural products—such as olive oil, cotton, citrus fruits and canned juices—and a range of industrial consumer goods.

Mr Tikhonov today will meet President Constantine Karamanlis, visit Athens muni-cipality, and the Hellenic shipyards near Athens owned by Mr Stavros Niarchos, the shipping magnate.

A joint communique is to be



Mr Tikhonov . . . three-day

issued in Athens and Moscow after his return to the Soviet capital tomorrow.

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EUROPEAN NEWS

Berlin's **DM 100m** drain for sale

ils _{(è}

VONE.

161

By Loslie Colitt In Berlin

FOR RENT: In West Berlin, Europe's oldest urban ele-vated 145 kms of track with 77 stations. Some repairs needed. Contact East German

Government. WANTED: Urban railway. Contact Weat Berlin city government.

East Germany urgently wants to get eid of West Berlin's sprawling public transport system, the S-Bahn, which it has operated since 1945.

The S-Bahn has become a DM 100m (£27.2m) annual drain on the East German treasury at a time when East Germany has to pay some \$600m in Interest on its debts to the West this

year.
The S-Bahn in West Berlin was severed from its East Berlin half by the building of the Wall in 1981. Until then, it was used by 400,000 West Berliners daily. Today, fewer than 10,000 West Berliners ride what remains of the railway system after East Germany cut the service redically in 1980. when the Stadtbahn was in-augurated in 1882, the 15 km rail link across Berlin was Europe's first urban viaduct railway. A railway ring around Berlin was completed five years

In pre-war days a "bankers' express" left Wannsee station in the south of the city at 10.00 in the south of the city at 10.00 in the morning, arriving ten minutes later at busy Potsdamer Platz, 20 km away. A similar trip today by S.Bahn takes 2 good hour in a nearly descrited, rattling carriage which passes empty platforms and decayed stations.

Potsdamer Platz Is in noman'a land between West and East Berlin.

East Bernin,
East Germany's Transport
Minister says West Beelin must
begin negotiations soon with
him on the S-Bahn as the East
Germans are tired of financing

East Germany, however, can only lease the S-Bahn; it can-not sell it to West Berlin. The East German Reichsbahn was given the operating rights for the S-Bahn by the Allies in 1945, who kent ownership of the urban railway which they inherited from the defeated German Reich. West Berlin pleaners hope to

resurrect the S-Bahn piece by piece and integrate it with the existing underground and bus

West Berlin's governing mayor, Herr Richard rout Weirsacker, noted yesterday that, although funds are extremely that the S-Bahn remains a "clasp for all of Berlin."

James Buchan on the campaign trail with W. Germany's Social Democrat leader Vogel abandons lofty

air for down to earth approach

An easy manner towards voters, an easy manner towards voters, Yet since taking power in Prepared speech on the problems facing West German towns, he launched into a passinate call for U.S. flexibility favourite phrase) "the style favourity of his high office and dignity." of his high office and dignity." and dignity" of his high office. In contrast, Herr Hans Jochen

WEST GERMAN ELECTIONS



March 6

candidate, is much cooler by certainly have referred to his nature and is atill marked by elegant but gruesome vehicle. nature and is atill marked by elegant but gruesome vehicle. the hauteur of the eternal prize Herr Vogel took it all in his pupil. His careful lawyer's formulations often conceal his opinion but not his boundless self-confidence. Yet, in the course of his recent political career he has learnt to alap backs like the best of them. As politicians go, both men are fairly convincing in their adopted roles—or rather, equally unconvincing—whether it be Herr Kohl bent double over Mrs Nancy Reagan's hand in Washington or Herr Vogel

A CURIOUS synthesis la taking place between the two great rivals in the West German election eampaign. due to address a eally of local
Chancellor Helmut Kohl (52) Social Democrat town and
is at heart a sociable man, with county councillors.

> in negotiations on intermediate-range missiles. This took so long that be had little time even to condemn the Kohl Govern-ment's "reactionary" social policies, let alone inner-city problems. He was vigorously applauded.

Later, as the special train chugged up the left bank of the Rhine, he explained why he had ahandoned the prepared text.
"It was boring," be said, and
the faithful needed a bit of

shaking up.
His carriage, with its walnut panelling and silvered windows, is the sole aurvivor of the five in service with the Reichshahn for the Nazi leaders-Goering or Ribbentrop, the guard was Vogel (57), the Social Democrat not quite sure. Herr Kohl would

> Displaying as much charm as confidence, be explained why he "would not exclude" becom-ing Chancellor in March with only two parliamentary parties in the Bundestag. The Free Democrats would not survive, he said, and as for the Greens, they were on the way down not least because, to young voters, said, although the he was not a candidate yet to appear fully, burdened by "harsh decisions" But three hours in the past like Helmut Schmidt but bad come from outside the

sporting a funny nose at a Munich carnival. "artificial world of Bonn," A long train journey across

He even allowed himself a on its feet with his hitter deWest Germany on Saturday little eynicism in discussing the nunciations of the Government's on Monday evening, Herr Kobl Altogether, it sounds ver showed the different sides of campaign by Herr Kobl's lifting of some rent controls began stodgily. Greeted with like a winning formula.

Lier

POSTER POWER: Herr Vogel (left) and Chancellor Kohl stare down from a hoarding at a

UNITED STATES forces could withdraw from West Germany if it refused to deploy new U.S. nuclear missiles, Herr Franz-Josef Strauss, leader of the right-wing Christian Social Union. said yesterday, Renter reports from Munich. He told Quick magazine that many U.S. politicians had told him that a failure by West Germany to station medium-range Pershing-2 missiles, if disarmament negotiations fall in Geneva, would produce "an incurable rift" in Nato.

Any Government which denied its ally necessary armaments would destroy the alliance, and the result would be withdrawal of the U.S. troops, he said.

tions, too, and it paid off," he hall "motivated said, although the upturn has Vogel phrase).

yet to appear fully.

But three hours later, in Muenster on the edge of West like 1972," when the Social De-Germany's northern flatlands, Herr Vogel had a packed hall on its feet with his hitter denunciations of the Government's on Monday evening, Herr Kobl lifting of some rest controls began steddily. Greeted with

Christian Democrats to portray and restriction of atudent themselves as the party that grants. If his chief method of had launched and would safe-humour, an elaborate irony, was guard an economic upturn. "We deadened by the surroundings, did it in the 1980 federal elec- his audience certainly left the tions, too, and it paid off," he hall "motivated" (a favourita

spotlights and deafening applause as "our Chancellor," he took a while to put aside his Bonn mantle sed do what be does best, which is to restate traditional values in a traditional way. Hissing from a group of he-

leagured hecklers in a corner of the immense Sporthalle gave him an opportunity in remind them that they could not act so "in the other part of our Fatherland."

He roved over post-war his-tory and the alliance with the U.S., called on people to roll up their sleeves, approved motherhood, complained that many young people were milksops. By the time he came to the hit about "more authority for parents and in schools." his

audience was stamping its feet with pleasure. "Vote for the upturn," sald a huge sign behind the podium, Altogether, it sounds very much

Cheysson paints sobering picture of Andropov

ಎಲ್ಲಾ ಹಾಲುವಾಲ ಜಾರ್ಯದಲ್ಲಿ ಅಂದು ಕಾರ್ಯಕ್ಷಣೆಯ ವಿ<mark>ರಾಜಕ</mark>್ಕಾರಿಯ ಅಂಗಳ ಅಂದು ಕಾರ್ಯಕ್ಕೆ ಅಂದು ಕಾರ್ಯಕ್ಕೆ ಅಂದು ಗಾಗು ಚಾರ್ಯ ಅರ್ಯಕ್

A SOBERING picture of Mr
Yuri Andropov, the Soviet
leader, has emerged from
descriptions by M Ctaude Cheysson, the French Foreign
Minister, who met him at the
Kremlin on Monday.
The meeting was the climax
to M Cheysson's four-day visit
to the Soviet Union—the first by
a French Foreign Minister since
the Socialists came to power.

the Socialists came to power. From M Cheysson's account, as reported in the French Press yesterday, the visit served mainly to highlight the wide gap between the French and Soviet position over the central issue of the nuclear halance.

M Chevsson found Mr Andropov to be a man who is "severe, exact, who shows no emotion and sticks to the facts and to a mathematician's reasoning." He opened the discussion with a 40-minute monalogue setting out the Soviet position over the deployment of intermediate range missiles.

M Cheysson said the statement paid little regard to French views, but was directed primarily towards the whole of Nato and particularly the U.S. M Chersson, who called the Soviet leader, "non-romantic," under de Gaulle and later Prime Europe. This ended with the Minister, who is known both for bis dry, quick intellect and his the Socialists over Poland and

Russians showed no interest in Mitterrand to the Soviet Union the French argument that has not been ruled out, it has not be counted to a sound to be counted to be sound to be counted to be count not be counted in an agreement

MADRID — The son of Me
Yurl Andropov said today his
father was a hard working
man with little time foe art
and other pursuits attrihuted
to him in the Western Press.
In a break from his work
at the Madrid European
Security Review Conference,
Mr Igor Andropov also said Mr Igor Andropov also said his father spoke average English and could understand

"As far hack as I remember, he was a hard worker," Mr Audropov said in his first extensive contact with the Western Press since his father took over the Soviet leader-ship last November.

into account our forces but not our arguments." M Cheysson obviously felt he had scored a point by telling Mr Andropov that by including French forces in any overall pushing France towards rejolning Nato's military wing—a goal the Russians would not espouse. But the whole tenor of the cooversation was obviously a far cry from the privileged relation-Soviet leader, "non-romantic," ship that France had under said Mr Andropov reminded him former President Giscard of M Maurice Couve de Murville, a former Foreign Minister first point of cootact in Western

Cheysson did not despair of between the Soviet Union and the U.S.

"Our wish to consider our ment of intermediate range nuclear forces as independent did not interest him." said M if the Geneva disarmament Cheysson. "He wanted to take talks failed.

Afghanistan.

Government intervenes in Swedish pay deadlock

BY OUR STOCKHOLM CORRESPONDENT

SWEDEN'S Social Democratic of SAF, the employers' feder-Government is trying to mediate ation. Government is trying to mediate in the deadlocked national wage negotiations. The lack of agreement is putting its economic recovery programme at risk.

The decision to intervene came after a threatened strike in nine key industrial areas by the Landsorganisation (LO), the federation representing 20 bins-rollar amines.

ation.

Mr Olof Palme, the Prime Minister, had boped for an early and low wage settlement in this year's round of centralised talks to help Swedish exporters build on the competitive advantages gained by the 16 per cent devaluation of the Krona.

Instead, the LO and the SAF broke a 30-year tradition of centralised wage discussions and have been pursuing talks at short, it must not be forgotten blue-collar unions, and a that the S-Bahn remains a "clasp counter threat of a lock-out by industries which are members

have been pursuing talks at The break came when the unions rejected SAF's offer to extend existing contracts rather than agree new ones. This formula would bave increased

pay by an average of 6.5 per eent this year.

The offer reflected the employers inability to reach agreement among themselves on a common negotiating stand. Some members, such as Volvo, the vehicle and industrial group, had publicly criticised the cen-tralised national pay negotia-tions for not allowing wide enough wage differentials between skilled and unskilled

The LO, which had supported the Government's call for wage restraint with a demand for an extra 2.1 per cent, responded by cancelling existing pay con-tracts and threatening to strike in key industries.

Such a strike would have had an indirect impact on com-panies employing skilled wor-kers belonging to the powerful metal workers union, which has been inereasingly at odds with the LO leadership. The metal workers want separate wage negotiations with their counter-part employers' association.

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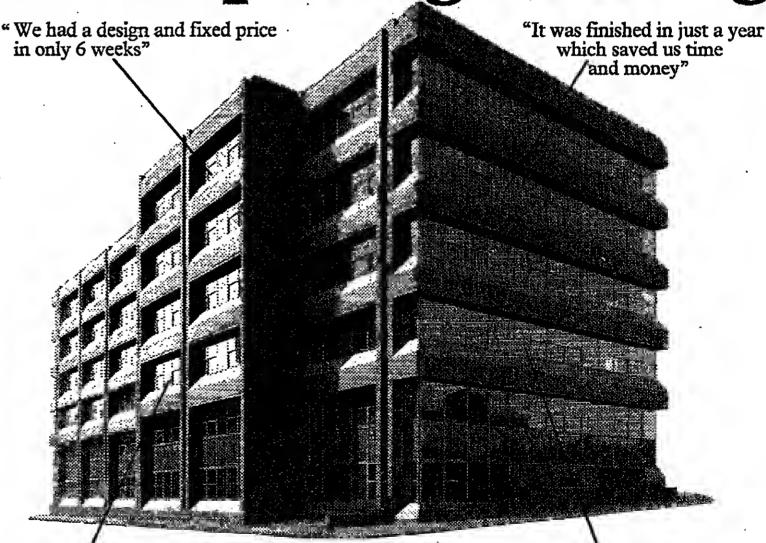
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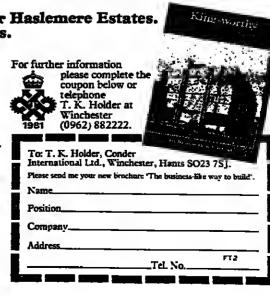
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Brazil attempts to offset effects of devaluation

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN Government been released. The package makes few concessions to those companies, public or privale, which borrowed heavily abroad in recent years.

Which will be organised through the BNDES, the state development bank. Details are to be worked out heavily abroad in recent years.

Holders of Government At the same time Sr Ernane

At the same time Sr Ernane

Galvess, the Finence Minister with the exchange rate are to said the Government did not intend to re-introduce price concent on the differential between trols on most goods as had been

widely feared. The main points of the package, agreed after a series of ministerial meetings over the last few days, arc:

age, agreed after a series of tion."

ministerial meetings over the last few days, are:

Import duties on raw materials have been cut from of the year. Brazil has had a 25 per cent to 15 per cent. Under the first half of the year with the U.S. over Wheat and oil, the two largest single import items, which are already free of duties, will therefore auffer the full impact companies with debts in deliars.

has announced a package of Private Brazilian companies measures to relieve the impact are to henefit from three new on industry of last week's 23 per capitel support programmes coot develuation of the cruzeiro. which will be organised through

the adjusted exchange rate and Brazil'a inflation - accounting system of "monetary correc-

Debt postponement sought

BRAZIL HAS asked the leading industrialised nations which provided it with a \$1.2bn tentral bank (£782m) emergency loan last last week to the embassies of industrialised nations which provided it with a \$1.2bn (£782m) emergency loan last December to permit a delay lo

confirmed vesterday that telexes have been sent to member countries of the Bank for Inter-national Settlements (BIS), which co-ordinated the loan, asking for a postponement.

Brazil is suffering an acute shortage of hard currency because little new money has entered the country from abroed since the cnd of lest year end liquid foreign exchange reserves are non-existent. The govern-ment is finding it difficult lo meet trade and loan payments.
The first instalment of the
BIS loan, believed to be \$400m,
is due for repayment at the end of thla mooth, with the remainder understood to be falling due in late March. out of their co There has been oo official conthe jumbo loan.

therefore auffer the full impact of the devaluation.

Export taxes on a range of new loans after last October primary products have been set at 20 per cent, to help meintain their world market price. The liat of goods iovolved has not Brazilian industrialists.

December to permit a delay lo the countries participating in repayments.

The Brazilian Foreign Ministry the U.S., Japan, Italy and Saudi Arahia — apparently asked that both the first and second

repayments be made simul-taneously at a later date.

Relief for the hard-pressed
Brazilian central bank should follow within days of the expected signing, at the end of thia week, of the \$4.4bn "jumbo" loan agreed with some 136 foreign banks.

However, the ectual amount dichured to Breeth will be

However, the ectual amount disbursed to Brazil will be significantly less than \$4.4bn because the mainly U.S. and West European banks which put np approximately \$2.3hn in 90-day "hrldging loans" to Brazil in the last quarter of 1982 intend to repay themselves out of their contributions to the jumbo loan.

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Looking towards a better future? A future where you're free to expand, unrestricted by high interest, rent or rates?

planned by World Bank By David Tonge THE WORLD BANK yesterday

Rise in lending

put the finishing touches to a package of measures designed to combat a sump in its lending programmes to the Third

One key element of the package, which is due to be announced today, is an increase in the sums available for loans designed to help countries adjust their economies to deal with balance

of payments problems.

Most executive directors of
the bank are keen to see such atructural adjustment lending" account for more than 10 per cent of bank lending, the present limit. They also wish to ease restrictions limiting such loans to 30 per cent of World Bank lending to any

country.

The other key featupre of The other key featupre of the package is an easier approach to existing projects. The bank plans to finance a larger share of local costs involved in projects and make additional loans to ensure the completion of work already in hand.

Caribbean call for emergency IMF meeting

CASTRIES, ST LUCIA - Caribbean leaders have called for an "emergency meeting" of the In-ternational Monetary Fund (IMF) to help third world nations

struggling against the interna-tional recession.

The IMF board of governors is scheduled to meet in September.
But the Caribbean leaders, meeting at a summit conference here, said developing nations need to deal directly with the IMF now because of serious balance-ofpayments problems that may cause them to default on loans.

"The crisis cannot wait until the next IMF meeting,"Mr Ed-ward Seaga, the Jamaican Prime Minister, told a news conference. "If we wait, there may be more defaults, causing panic in the system that would eliminate the little gleams of light," Mr Senga

The two-day summit of 15 Car-ibbean leaders, was aimed primarily at strengthening Canada' economic ties to the island nations. It was attended by the Canadian Prime Minister, Mr Pi-

erre Trudeau.

The leaders expressed concern about declining trade with Canada, and also about Canadian participation in President Reagan's Caribean Basin Initiative for regional development. Mr Reagan's plan excludes help to Grenada and other left-wing nations in the area. However, Mr Trudeau stressed that Canada is committed to doubling aid to committed to doubling aid to \$90m a year to the region. AP-DJ

Steel recycler files under Chapter II

STEELMET, a recycler of secondary metals, has filed for protection from its creditors under Chapter 11 of the U.S. federal bankruptcy code, Reuter reports from Pittsburgh.

The company took the action because it was unable to reach extisfecture agreements on debt

satisfactory agreements on debt restructuring with its institutional lenders, because of its sub-stantial fourth quarter loss reported last week and because of delays in completing the sale of its metals processing subsidiary. Last week, Steelmet said it was

in default on its debt agreement and announced a net loss of between \$5m and \$7m on sales of about \$37.5m in the fourth quar-ter ended November 30, 1980.

The company also said it expected the sale of its metals pro-cessing unit, orginally scheduled for last November, to be complet-

Jimmy Burns in Buenos Aires explains how a political crisis was narrowly averted

Bignone defuses a constitutional time-bomb

Interior, quite straight-feeed, the airforce and navy.

Interior, quite straight-feeed, the airforce and navy.

The guidelines they agreed all three were clearly routine."

"Relationships within the guidelines they agreed upon have not been publicly prompted suggestions the revealed, but the Government is believed to have settled for e for certain militery ills.

The guidelines they agreed all three were clearly the suggestions the believed to have settled for e for certain militery ills.

The guidelines they agreed all three were clearly the suggestions the believed to have settled for e for certain militery ills.

The fact of the fa

with President Reynaldo Bignone, informed the country that it bad "analysed and agreed" a broad package of new policy guidelines for implementation by the military envertument

The curt atalement, with the key word "agreed," was the only public hint of what some military officials were prepared to admit only privately—that the Government had defused, at least in the short-term, a political time bomb which had

HIGH-RANKING official at at least one general and ranking officials were granted the Argentine Ministry of the supported by elements within ball pending charges of misuse interior, quite straight-feeed, the airforce and navy.

ball pending charges of misuse of public office. The fact that

The guidelines they agreed all three were civilians upon have not been publicly prompted suggestions that they are perfectly fluid. It's all an tinuing Falklands investigation. Ing. the pro-army oewspaper La invention of the Press," he said. The full findings, believed to Razon published on its front The official explanations contain a strong criticism of the page details of a document rine omeial explanations contain a strong criticism of the cynically understated the former junta and Sr Nicanor political drama which is reliably Coste Mendes, the Foreign understood to have been played Minister, could be published in out behind the scenes.

Last Monday night, the junta- Economy Minister, will be of army, navy, and airforce allowed to stay on as long as he chiefs, after a six-hour meeting shows early success in his drive with President Parcelles amint, inflation despite president. shows early success in his drive against inflation, despite pres-sure from some quarters to sack

> Politicians are to be informed that the earliest possible elec-tion dale is in the last two weeks of October. The official explanation for this is that "up-dating electoral rolls takes a long time." A more important reason is

that the military wants to give the politicians time to settle their internal differences and

would be used as the scapegoats

Two days before the meelwhich strongly criticised the military leadership and which junta is facing.

The statement was signed by a group of retired generals, but lbe fact that it was leaked to tbe press at all and that tbe signatories were not immediately arrested (the document hed been hended to the junta on January 29) suggested that the Government may peradoxi-cally have had e hand in it— Earlier this month, Gen Cristino Nicolaides, the army chef, is believed to have informed President Blgnone that young officers were growing dangerously restless and that it was time that the Government adopted some firm measures to show that it atill

engered by the Government's investigation bas left guilty the stale. generals untouched.

The increasingly outspoken

reports in the local media questioning the military's human rights record. About 2,000 young officers from the rank of second lientenant to colonel are understood to have

their superiors will make them scapegoats for past excesses and deliver them into the hands of civilian courts. Thair cur rent hero is Gen Camps, the former Buenos Aires police chief. He is the only senior officer to have admitted pub-

political time bomb which had introduced to deeply into three issues in particular:
Gen Bignone, the overthrow of the junta, and the prospect of an indefinite postponement of the pledged return to civilian rule by 1984.

The meeting was the final stage of a rearguard action to prevent a coup orchestrated by innior and middle rank officers, counting the understanding of the postponement of corruption.

This week, three former high into three issues in particular:

Solvernment adopted some firm the part of senior military officers as well as civilians work in final stage of the postponement of the planting.

The meeting was the final stage of a rearguard action to prevent a coup orchestrated by innior and middle rank officers, counting the understanding of the military promotions, and defence (budget and planning).

On corruption, the junta has officers are believed to have been provoked by a ment. None of the young officers has occupied a government adopted some firm the part of senior military officers as well as civilians work in final stage of the military government. None of the young officers has occupied a government adopted some firm the part of senior military officers as well as civilians work in final stage of the postponement of the part of senior military officers as well as civilians work in final the postponement of the initiative.

That officers are believed to have been reached.

That officers are believed to officers has occupied a government adopted some firm measures to show that it atill the limitative.

The meeting was the final stage of a rearguard action to prevent a coup orchestrated by investigating allegations of corruption.

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The meeting was the final stage of a rearguard action to prevent a coup or the province of the military cou

way the recent bureaucrats who appar-inadequate ently use their uniform to rob

Underlying these grievances is the more generalised concern that the armed forces have over their shallered image following the end of the Faiklands war. Young officers, particularly those who fought most vehemently in the earlier antitaken part in kidnapping, subversion war, do not relish torture and summary executions of political suspects following the 1976 coup.

These officers now fear that the supplier and the subversion war, do not relish the prospect of handing over to the civilians from a position of military weakness.

In a series of meetings lead-

ber of possible responses to these pressures were con-sidered by the military rulers. Brig Gen Augusto Hughes, the chief of the air force many of whose young pilols were sacrificed during the war-argued strongly for a major clamp-down on the press. The sacking of Gen Bignone and Sr Wehbe was also considered.

Gen Bignone is understood to have argued strongly in his own defence as a symbol of moderation, without which Argentine politics would be plunged into

by around April.

by around April.

There are two problems about raising new bonds for this project. One is an initiative passed by Washington State voters which would require their specific approval for any bond sale. This initiative has been ruled unconstitutional, but the Spding is still subject to anneal.

finding is still subject to appeal,

The other stems from the worries nn Wall Street about projects four and five. If Whoops were to file for bankruptcy, for instance, it is not absolutely clear that the pro-

jects could be kept separate as

WASHINGTON STATE POWER UTILITY NEARS DEFAULT

Why the U.S. bond market may go Whoops BY RICHARD LAMBERT IN NEW YORK

ONE OF THE biggest borrowers on the U.S. municipal bond market is within a matter of weeks of financial disaster.

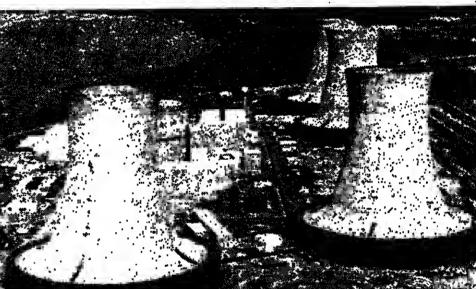
Unless there is some last minute compromise, it appears increasingly likely that tha Washington Public Power Supply System will default on \$21bn of loans. In scale and complexity, the affair is without parallel in tha U.S. securities markets.

The most sbocking part of the story is that the money was borrowed to finance two nuclear power projects in the Pacific North West which are unlikely ever to be completed. They were both cancelled in the early stages of construction just over a year ago, when it became clear that it would be impossible to raise the extra \$10bn (£6.5bn) or so which the two plants would need to be completed. Full repayment of capital and interest on the bonds already issued for these two defunct schemes would

amount to some \$7bn over 30

But the Supply System, which as a result of all its horreodous problems is universally known ing to meet debts amounting to \$194m which are due on the two plants hy July. Apart from around \$90m in the bank, its only asset is an ondertaking hy the utilities which backed the projects in the first place that they would pay the financing costs whether or not the plants ever produced power. These undertakings are now being contested in a number of court actions, both the timing and outcome of which are uncertain.

With these cases in the balance, Whoops officials admitted last week that there could be a default by April. Whoops wes crealed in 1957 power generation. It was set up as a municipal corporation, and although it was given no taxing authority, it had one great—and eventually fatal—power: the ability to issue tax-exempt



The near disaster at the Three Mile Island power plant (above) meant extra costs for its already burdened Washington counterparts

strong. But there was e limit Revenue Service had ruled that which is around three fifths. Drysdele or a Penn Square. in the regioo, including three nuclear plants for Whoops.

Each of these three schemes was separalely financed, and the individual projects were guaranteed by the Bonneville Power Administration (BPA), a federal agency set up under the New Deal to market power from a series of Government operated dams along the Columbia River.

Although these were buge schemes, it seemed within a few years that they might prove inadequate. Whoops itself never made a load forecast, but based by a group of utilities io the made a load forecast, but based North West which wanted to on the projections of its support-obtain economies of scale in ing utilities, it began to put ing utilities, it began to put together plans for two more nuclear power plants—the ill-fated projects four and five. It was encouraged in this by the BPA, which in 1976 warned its utility cuslomers that it would be unable to meet their extra

bonds.

Until the lale 1960s, nearly

De unable to meet their case.

Power needs after June, 1983. ell the power supply in the area had come from hydro- difference about projects four \$8.4bn. Projects four and five electricity—and since the price and five. By the time they have been cancelled, and conwas cheap, the demand was needed money, the Internal struction on project one —

to raise the money on the strength of their own guaran-

Thereafter, it was downhill elmost all the way. Whoops was hedevilled by inefficient management, inflation, high interest rates, and extra costs incurred as a result of the near disaster at Three Mile Island. It became increasingly cleer thet the region's power demands bad been wildly overestimated.

Just under two years ago, Whoops finally faced reality. The five plants were going to cost \$23.8bn to complete, nearly \$8bn more than the previous estimate. Faced with the need to raise \$3bn in a year when its fluancial status was already crumbling, Whoops began to cut back.

The current position is thet

intended.

The overall outcome could hinge on a court case in Washington State, which will determine whether the contracts signed by the utilities in the state for the two cancelled projects were valid. If they were, enough of the utilities will probably pay what they owe for Whoops to be able to keep its bondholders at bay.

However, if the worst However, if the worst happens, it will not come as a

to bow much extra power could be produced from such resources and by the end of the decade an ambitious construction promoderate from such resources at the could no complete—has been delayed for the other hand, the credit five years. Project two is due status—and so the financing to be operating by early next costs—of borrowers from the gramme had been initiated ing the two schemes decided another \$150m for completion. Yery adversely affected. And Thet momey should not prove the whole muricipal bond too great a problem, but there is much more uncertainty about increasingly important could be very adversely affected. And the whole muricipal bond the whole market, which has become an increasingly important could be very adversely affected. And the whole market, which has become an increasingly important could be very adversely affected. And the whole market, which has become an increasingly important could be is much more uncertainty about increasingly important source project three, which needs of finance, in recent years, eround \$950m to be completed, would take on a new enra of and is likely to run out of funds: risk.

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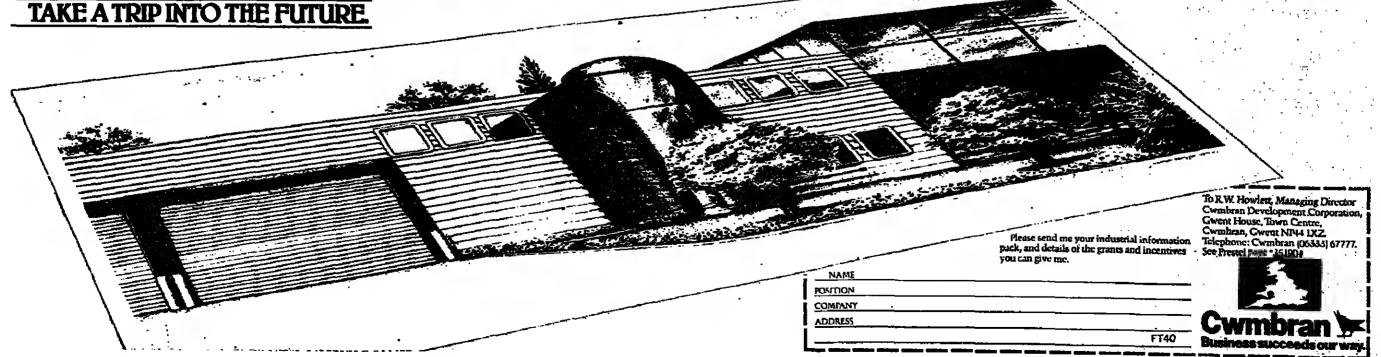
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Financial Times Wednesday February 23 1983



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K. K. Sharma in New Delhi examines the implications of last weekend's massacre

Assam violence threatens India's shaky unity

"AFTER THE election, there disturbing implications for election was nrganised on the thies for the leaders of the theoretical possibility in the will be a new movement, a new national cobesion.

The issue which sparked off had remained unrevised since centity: "If Mrs Gandhi wants Akalis are being roused by the newly formed government does not function."

A determined student laader, now evading arrest, said this in Gauhati, capital of Assam, just a fortnight before the violence began in the lurbulent northeeslern Indian state to thwart

The bloody election to the Assam legislature has now ended after convulsive events which revive memories of the massacres that took place when the subcontinent was partitloned in 1947. Prime Minister Indira Gandhi's Congress (1) party is sel to form the stete government, but under the sbadow of the grim threat by the militant Assamese

student leaders.

It would be futile to pretend that any faith can be planed on the outcome of the Assam election in which it was pre-dictable that Congress 11) would emerge as victor. The election was unwanted by major opposi-tion parties and many thousands of students, who boycotted the

The implications are grave for India's entire north-east flank, where an active insurrecdifficulty in four of the seven

last weekend's turmoil—in which more than 1,000 died has caused trouble before. Students seeking the expul-sion of "foreigners" from

Assam brought the stale to an economic halt in 1979 and 1980. They claim that 7.8m im-migrants have moved into Assam from Bangladesh since the Britisb left India. The Assamese feel economically and culturally swamped by Bengalis—both of Indian and Bangladeshi origin—and the violence is emotionally anti-

Since 1980, 23 rounds of talks between the students and the Assamese Government fnundered because the Government was unwilling to accept the students demands for the de-

portation of all Bengalis.

Bengali Hindu immigrants
will not return to Moslem
Bangladesh, even if the country agrees to take them—which it has not. It would be impossible to cope with the buge refugee problem which would arise.

The students were particu-larly angered by the State Government's refusal to remove the immigrants' names from the

to the partly organised, partly spontaneous outbursts of the ate. Assam is no more a feder-past fortnight. past fortnight.

shared a common hostility to phetic. what they consider intruders from other parts of indie and outside. In the states of Mizoram, Manlpur, Nagaland and Tripura, Indians are represented by the thousands of military and para-military forces who patrol their towns and

Insurrection festers all over the region which is linked to the mainland through a narrow corridor north of Bangladesh which can easily be snapped, as it has been by agitators in the past. Secessionist vnices are states. Secessionism is not so strong in Assam, a state made up of diverse ethnic and religious groups with tribal affiliations, where at least four languages are spoken. Its primary concern remains the primary concern remains the influx of immigrants.

This worry was expressed by former senior police official a precedent. of Assam, dismissed before the

1978 and this was a major key to retain Assam as a colony, their religious and political the reaction will be proportion- leaders. For a long time, people union, but an occupied territhroughout the north-east have tory." This warning was pro-

> The election, for what it was worth, was organised with the belp of more than 150,000 paramilitary forces and armed

When the massacres took place in Nowgong district, the army took over law and order duties. The fear now is that what was lo be a temporary show of force will become a permanent deployment, pin-ning down the army to duties which it bas performed against rebel elements in the north-

ment of unity in diversity, of different races and religions submerging their differences, can essily founder if restive regional groups elsewhere in the country treat the Assam as

This is already more than a set-up

In the south, regional parties have won elections easily at the expense of national political parties. Sectarian strife, involving the killing of Moslems and Hindus, are all too common all over the country. All these pre-sent a formidable challenge to national stability and unity.

Unfortunately, the country's politicians do little to combat the threat even though evidence has mounted that India's unity could easily crumble. In Assam, the suspicion is growing that Mrs Gandhi insisted on elections because she sensed an easy

political victory.

The events in Assam show that once again the government end politicians have failed to end politicians have failed to assess the intensity of emotional feelings. They have chosen instead to increase the alienation of an entire—and strategically and economically vital—region. Most Assamese now feel no encouragement to be part of the natural mainstream. The cost of the politicians' short-alightedness could ticians' short-sightedness could now be extracted from the nation's collective will and faith in a federal democratic

President Numeiri was speaking after President Hosni Mubarak of Egypt had visited Khartoum for talks on bilateral relations including a plan to integrate the two countries.

Ha cited the recent reports of Lib-ya troop reinforcements at the easis of Kufra as evidence that Libya was attempting something against tha Sudan - and said he had informa-tion that Colonel Gadaffi was intending on February 18 to attack military air base at Wadi Seidne and then attack Khartoum itself.

Numeiri

accuses

over arms

PRESIDENT GAAFAR NUMEIRI

of Sudan said yesterday his Gov-ernment had foiled a Libyan at-

tempt to smuggle weapons into the Sudan to arm supporters of Colonel Muammer Gadaffi of Libya.

By Charles Richards

more than e month ago.

In Khartoum

Libya

Political pressure on Nakasone increases

BY JUREK MARTIN IN TOKYO

MR YASUHIRO NAKASONE. the Japanese Prime Minister, is showing occasional signs of wilting under political pressure from both the parliamentary opposition and from within his own roling Liberal Democratic

Party.
This week, for example, he significantly modified a statement berely 48 hours old when be reaffirmed that Japanese policy was based on the three principles of not allowing either President Numeiri said his security forces had intercepted a ship full of weapons at Port Sudan after receiving information from what he called "our people" inside Libya more than a month ago. policy deliberation.

He also said in a television The plan had not been publicly revealed so that Col Gadaffi would interview that cuts in income taxes might be necessary soon. Tha budget for the 1983 fiscal continue to try to contact support-

year, starting in April, makes no such provision and Mr Nakasone has pointed out that financing an income tax cut might be difficult without might be difficult raising indirect taxes

Both instances, are being interpreted here as indications of the Prime Minister's cog-nisance of the twin prevailing political concerns over his per-ceived hawkishness in fareign affairs. pou J.

ide

The Asahi Shimbun poll over the weekend showed a startling fall in the popularity of his Cabinet to under 30 per cent. Though other public opinion polls have been much less negative for Mr Nakasone pernegative for Mr Nazasone per-sonally, for the CDP in general, they have underscored public concern over his foreign policies and over the influence exerted over his Cabinet by former Prime Minister Kakuei Tanaka: still on trial for accepting bribes from Lockheed.

• The Japanese Government categorically denies assertions by an opposition Diet member that elements in the armed forces plotted a military coup in 1979. But it said it would investigate the charges "to clear the air."

ASA Ltd., Brook House, Torrington Place, London WCIE 7HV.

Real drop in income forecast for Indians

STRAINS ON the Indian economy in the past year, notably a sbarp drop in agricultural production and sluggish industrial output, mean that the gross national product in kherjee, Indie's Finance Minister, reserves. 1982-83 will increase by a nominal 2 yesterday. per cent. This compares with an average of 5.5 per cent in the previous

This gloomy forecast, which

annual economic survey presented ment to import grain and further to parliament by Mr Pranab Mu-strain the critical foreign exchange

The gloomiest reference is to the The poor performance of the balance of payments position which economy is attributed mainly to the "continues to be under strain" even severe drought last year which afthough the trade deficit is expected fected agricultural production, with to lower in 1982-83. The reserves means a drop in per capita income food grain output expected to drop are said to be at the relatively good crease since 1972.

because of the population growth of by about 10m tonnes to 123m level of R37bn (\$3.7bn) only because over 2.3 per cent, is contained in the tonnes. This has forced the Governor of drawings on the International Drawing Rights.

of crude oil to 21m tonnes from just 16m tonnes in 1981-82. Oil production is expected to a manufacture of the survey speaks pessimistically about the Government's resources and hints that the hard-speak of the survey speaks pessimistically about the Government's resources and hints that the hard-speak of the survey speaks pessimistically about the Government's resources and hints that the hard-speak of the survey speaks pessimistically about the Government's retion is expected to reach 30m deficit will be much higher than ex-tonnes in 1984-85, a fivefold in-pected because of low revenues ow-

of drawings on the International wise bleak picture was that the in-Monetary Fund of 1.8bn Special flation rate was contained at 2.8 per cent last year, an improvement over

pected because of low revenues ow ing to slack economic activity

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NOTICE OF REDEMPTION



OCLI International Finance N.V.

9% Convertible Subordinated Guaranteed Debentures due 1995

(Convertible into Common Stock of and Guaranteed on a Subordinated Basis as to Payment of Principal, Premium (if any) and Interest by Optical Coaling Laboratory, Inc.)

Redemption Date: March 25, 1983

Conversion Right Expires: Close of Business, March 25, 1983

OCLI International Finance N.V. has called for redemption on March 25, 1983 all of its outstanding 9% Convertible Subordinated Guaranteed Debentures due 1995 at a redemption price of 104% of the principal amount of Debentures plus accrued and unpaid interest to March 25, 1983, for a total of \$1,072.50 for each \$1,000 principal emount of Debentures. The Debentures are convertible into shares of Common Stock of Optical Coating Laboratory, Inc. until the close of business on March 25, 1983 at a conversion price of \$24.50 per share or approximately 40.82 shares of Common Stock for each \$1,000 principal amount of Debentures. As described below; based upon current market, prices, the market value of the Common Stock into which each: Debenture is convertible is greater than the amount of cash which would be received upon surrendering a Debenture for redemption. All rights to convert the Debentures into Common Stock of Optical Coating Laboratory, Inc. expire at the close of business on March 25, 1983, on which date interest on the Debentures ceases to accrue.

NOTICE IS HEREBY GIVEN to the holders of outstanding 9% Convertible Subordinated Guaranteed Debentures due 1995 (the "Debentures") of OCLI International Finance. N.V. ("Finance") that in accordance with the terms of the Indenture dated as of November 13, 1980, as supplemented (the "Indenture"), among Finance. Optical Coating Laboratory, Inc., ("OCLI") as Guarantor, and Bank of America National Trust end Savings Association, as Trustee, Finance has elected to redeem all Debentures which remain outstanding on March 25, 1983 (the "Redemption Date"), et a redemption price of 104% of the principal amount thereof plus accrued interest from November 15, 1982 to March 25, 1983. Payment of the redemption price and accrued interest, which will agaregate \$1,072.50 for each \$1,000 principal amount of Debentures, will be made upon presentation and surrender of the Debentures, together with all interest coupons, at the main office of any of the Paying Agents set forth below, subject to any laws or regulations applicable thereto in the country of any such office. Such payment shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payment at the offices of Paying Agents located outside the United States shall be made, at the direction of the holder, by check drawn on, or transfer to a United States dollar account maintained by the payee with, a bank in The City of New York.

On the Redemption Date, the redemption price (plus accrued interest) will become due and payable upon each Debenture. The Debentures will no longer be outstanding after the Redemption Date, interest will cease to accrue on and after such date and all rights of the holders with respect to the Debentures will cease on such date, except only the right of the holders to receive the redemption price and interest accrued to such date,

CONVERSION OR SALE ALTERNATIVES -

Debentureholders have, es alternatives to redemption, the right to sell their Debentures Inrough usual brokerage facilities or, at or before the close of business on March 25, 1983, to convert such Debentures into OCLI Common Stock. The right to convert the principal of the Debentures to be redeemed will terminate at the close of business on March 25, 1983, the Redemption Date.

The Debentures may be converted into OCLI Common Stock at the conversion price of \$24.50 per share of OCLI Common Stock which is approximately 40.82 shares for each \$1,000 principal amount of Debentures, in order to effect this conversion, a Debentureholder should complete and sign the CONVERSION NOTICE on the Debenture, or a substantially similar notice, and deliver the Debenture and signed notice, to the main office of any of the Paying Agents set forth below, subject to any laws or regulations applicable thereto in the country of any such office. Upon conversion of Debentures, no payment or adjustment will be made on account of any interest accrued thereon or on account of any dividends on the OCLI Common Stock issued upon such conversion. Cash will be paid in lieu of fractional shares. Debentures delivered for conversion must be accompanied by all interest coupons maturing after the date of surrender.

Pursuant to a Standby Agreement, Drexel Burnham Lambert Incorporated and Davis, Skaggs & Co., Inc. 11he "Standby Group") have agreed with OCLI and Finance to purchase for an amount equal to the redemption price plus accrued and unpaid interest any Debentures which are either (i) surrendered for redemption or or lill not duly surrendered for redemption or convertion at the close of business on the Redemption Date. A Debentureholder who wishes to redeem or convert Debentures should not tender Debentures directly to the Standby Group but should follow the directions given above.

Debentures directly to the Standby Group but should follow the directions given above.

From August 1, 1982 through February 15, 1983, the reported bid prices of OCLI Common Stock as reported on the National Association of Securities Dealers Automated Quotation System, Inc. 1"NASDAQ" I ranged from a high of \$46.75 per share in a low of \$14.00 per share. The last reported bid price of OCLI Common Stock on NASDAQ on February 15, 1983 was \$46.75 per share. At such last bid price per share, the holder of \$1,000 principal amount of Debentures would receive, upon conversion. 40 shares of OCLI Common Stock and eash for the fractional interest having an aggregate value of \$1908.34. However, such value is subject to change depending on changes in the market value of OCLI Common Stock. SO LONG AS THE MARKET PRICE OF OCLI COMMON STOCK. IS \$26.28 OR MORE PER SHARE, DEBENTUREHOLDERS UPON CONVERSION WILL RECEIVE OCLI COMMON STOCK AND CASH IN LIEU OF ANY FRACTIONAL SHARE HAVING A GREATER MARKET VALUE THAN THE CASH WHICH THEY WOULD RECEIVE UPON REDEMPTION.

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Swiss Bank Corporation Aeschenvorstadt I CH-4002 Basie, Switzerland Attention: Paying Agency Department

For OCLI International Finance N.V. John S. McCullough Managing Director

For Optical Coating Laboratory, Inc. Rnif F. Illsley Chairman of the Board

This Notice of Redemption is not and under no circumstances is to be construed as an offer to sell or as a solicitation of an affer to buy any of the securities of OCLI or Finance. For additional information regarding this Notice of Redemption contact any Paying Agent or the undersigned.

Drexel Burnham Lambert -incorporated London (01) 628-3200 New York (212) 489-7000

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Dated: February 23, 1983

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WORLD TRADE NEWS

Doubts remain on Japan – EEC video accord

BY CHARLES SMITH IN TOKYO

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THE TEN-day old agreement be-tween Japan and the EEC under which Japan will restrain exports of video cassette recorder (VCR) sets to Europe to 4.55m sets in 1983 con-tains some important ambiguities that may well require further nego-

This was admitted in Tokyo yes-erday by officials at the Ministry of international Trade and Industry and by an official for the European sion. One of the grey areas in the agreement involves an undertaking by Japan to make it possible for the European VCR industry to sell 1.2m sets in its home market during the calendar year.

If it becomes clear as the year goes on that sales by European makers will fall short of the 1.2m level the problem will be taken up at the meetings between Japanese and European officials.

Japan, however, may not agree to further cutbacks in its own ship-ments to Europe in such circumstances unless it is convinced that a shortfall in European sales results from causes outside the control of

the companies concerned.

A second area of ambiguity in the agreement concerns what European officials have described as Japan's undertaking to align the ex-stock prices of Japanese VCR sets sold in Europe with the ex-factory prices of European-made VCR sets. Japanese officials say that they have merely undertaken to intro-

result in a substantial increase in price levels. The system will be broadly similar to that already operating for Japanese machine tool exports to Europe.

A final area of uncertainty concerns the question of how far the Japanese VCR shipments will be reduced as a result of the agreement. Japan shipped an estimated 4.9m VCR sets to Europe last year but both sides agree that this figure include several hundred thousand sets intended for re-export.

Exports of VCR sets to the EEC 4.35m according to MITI. This means that the agreement allows for an increase in Jepanese ship ments of 200,000 sets during 1983.

Shipment of VCR sets to European ports for re-export is expected to continue even after the agree-ment comes into operation, subject to monitoring by the EEC. Because some aspects of the VCR agreement require clarification Jap-

anese officials say they are not par-ticularly worried about the fact that the French Government has yet to announce the lifting of regulations under which all VCR sets imported into France have to be cleared through the small town of Poitiers.

The abolition of the Poitiers ruling was one of the conditions set by Japan for agreeing to restrain VCR exports but officials admit that there is still "work to do" on the Japanese side before the agreement duce a floor price system that will can be implemented.

NTT defends failure to buy more abroad

BY OUR TOKYO STAFF

The HEAD of Japan's ringe tax, communications monopoly, Nippon Telegraph and Telephone, has rejected U.S. claims that NTT has been dragging its feet in the purchase of foreign equipment since the signature two years ago of a procurement liberalisation agreement with the U.S. ment with the U.S.

Dr Hisashi Shinto said yesterday that NTT had done more than was required to try to help foreign com-

competitive prices quoted by U.S. manufacturers of standard equip-ment and the lead time required to make decisions on more sophisti-

least four years establishing themselves in the Japanese market, or roughly the same time Japanese shipbuilders took to break into the

U.S., Dr Shinto said. NTT expects to buy Y8.8bn (\$38m) worth of foreign equipment suppliers and allows the use during the fiscal year ending March 31, or twice as much as last year. Foreign procurement should double a major Japanese shipbuildi again in 1983 but will still be minute n proportion to the corporation's total annual purchases of some

Y700bn worth of equipment.
So far all placed orders have been
on Track I of a three-track purchas-

ing system. This covers equipment not directly related to telecommuni-

Dr Shinto's defence of NTT's procurement record was in response to a statement by Mr William Brock the U.S. Special Trade Representative that the U.S.-Japan procure ment agreement was "worthless."

Mr Brock said in Tokyo a week ago that he could not accept the "possibility" that U.S. telecommunipanies understand its procurement cutions companies were incapable The corporation's failure to buy more than a limited amount of foreign equipment reflected the uncompetitive prices quoted by U.S.

NTT's attempts to attract foreign bidders for its procurements programme bave included the dispatch for a survey mission to the U.S. last U.S. telecommunications companies should be prepared to spend at seminar for U.S. companies in Tokyo in June and the holding of a eminar in Brussels (attended by about 60 European companies) in November.

The corporation publishes an English-language quarterly for foreign suppliers and allows the use of En-

Dr Shinto (who was president of a major Japanese shipbuilding com-pany before moving to NTT) be-lieves that PHX switchgear and telecommunications satellites are two sectors in which Western companies should be competitive in Ja-

Isuzu and GM agree Egyptian joint venture

no later than April, calls for the new company to produce 1,400 buses and trucks a year after 1984 with parts supplied from Japan. The production will be increased to 18,000 units a year by 1989 with 40 per cen of the parts obtained in Egypt, the officials said.

They said the venture will be capitalised at \$5m and will be capitalised at \$5m and will be woned \$1 per cent by GM, 20 owned \$1 per cent by GM, 20 by Egyptian interests and the rest by Saudi Arabian and Kuwaiti financial groups. GM holds a \$4.2 per cent ownerholds a 34.2 per cent owner-ship of Isuzu.

TOKYO — Isuzu Motors of Japan Said yesterday it has reached an agreement in principle to establish a joint venture in Egypt to produce buses and trucks with General Motors of the U.S.

The agreement, to be signed to later than April, calls for the new company to produce car maker, has signed e \$215,000

18,000 nnits in 1989.

Toyota Motors, Japan's largest car maker, has signed e \$215,000 contract with AC Spark Plug Overseas of the UK to import oil filters to be used for automobile engines, AP reports from Tokyo. Toyota is to Import 170,00 oil filters this year and is studying the possibility of importing 220,000 oil filters next year, they said.

year, they said.

Fannc, 2 major Jepanese maker of numerical control devices, will start production of numerically-controlled machine tools at its subsidiary in Luxem-bourg this summer.



Oil profit margins in Nigeria may rise

OIL COMPANIES operating in Nigeria have been allowed to raise their profit share per barrel they produce for themselves for the second time within a year.

The companies were told yesterday that the margin may rise from \$1.60 per barrel to \$2. Last July, following two years of negotiations with the government the allowed profit per barrel rose from \$0.80 cents to \$1.60 per bar-

At the same time there was an increase in the technical costs they are allowed to deduct, from \$1.10 to \$1.60 per barrel. This has also been raised by 40 cents to \$2

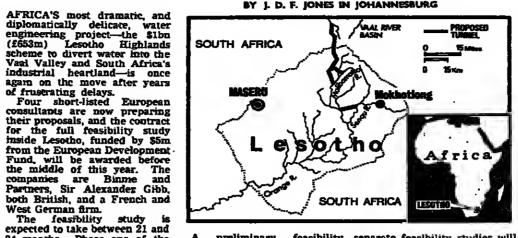
The move affects the equity crude produced by the companies – that proportion of their output which they retain according to their shareholding in joint operations with the Nigerian National Petroleum Corporation (NNPC)

The largest companies are Shell (20 per cent equity share), Gulf, Mobil, Agip, Elf and Texaco (all 40 per cent).

SOUTHERN AFRICAN ENGINEERING SCHEME

Lesotho water project on move

BY J. D. F. JONES IN JOHANNESBURG



A preliminary feasibility study by the local branch of Binnte and Partners Identified a score of options, but the Lesotho and South African Governments have now agreed

This would require about 120 km of tunnels and five dams, which would incidentally generate more than 100 MW of electricity for Lesotho (which is at present dependent on the republic for its power supply). But the fact that this must by definition be a joint project between Lesotho and South Africe has created a host of diplomatic problems, not least in the EEC.

have to be done, one on either side of the frontier, with sepsrate financing of each. The European Development Fund will therefore be financing only the Lesotho side of the study. While inter-government tech-nical co-ordination and working committees between the various consultants will be essential, the two most delicate questions concern the price which Lesotho will be able to charge for it water and, se andly, whether Lesotho will control the flow of the water into the republic.

It is believed that the letter

separate feasibility studies will

issue has now been resolved, on the understanding that Lesotho will maintain control-but in

the knowledge that South Africa would have every conceivable lever, like control over electricity, if it objected to Lesotho's action.

The state of the s

The price of the water is believed to remain a matter of inter-government discussioo. Lesotho is economically utterly dependent on the republic and has only two significant assets—Its migrant labour force, and its water.

The present Highlands project was cooceived in 1970-71 and defined in 1977-78 in a prefessibility study funded by

The terms of reference for the full feasibility — with EEC funds approved a year ago have been worked out with belp from the UN Development Pro-

The South Africans have not enlirely concealed their impatience with the slow speed of the various bureaucratic and diplomatic procedures, since the phase one completion target of 1992 alresdy looks very opti-

The World Bank originally showed interest in funding the project, but the central diplo-matic snag — that the ultimate beneficiary is South Africa, how-ever much Lesotho may benefit as well — will continue to over-shadow the prospects of e smooth implementation of the

Exporters warned of changing markets

LORD LIMERICK, chairman of the British Overseas Trade Board, warned exporters yesterday that they should expect changes in world markets as a result of falling oil prices, with some disadvantages and some beoefits.

The negative effect would be a reduction in the buying power of Opec members and developing states receiving aid from oil producers, although this would vary considerably from one country to another. On the positive side, countries such as Indie and Brazil, where a

high proportion of foreign exchange was spent on oil purchases, would benefit from lower crude prices and falling interest rates, Lord Limerick

Exporting companies should re-examine their marketing policies in the light of these changes, although obviously only as a broad guidelin Speaking to the Birmingham Chamber of Commerce yesterday, Lord Limerick also said there was a need for Britain to increase market share in European countries such as West Germany, where the UK supplied only 7.5 per cent of im-ports compared to 12 per cent from

If it looks more like Home Sweet Home than Heathrow, that's because it is. Home, we mean.

24 mooths. Phase one of the Highlands project—successor to the "Oxbow project" first broached 15 years ego—is expected to cost about \$500m.

The idea, very simply, is that the electiful water graphics of

the plentiful water supplies of the enclave mountain kingdom

of Lesotho, which presently flow via the Sengu and Mal-

bamatso rivers into South Africa's Orange River system,

would be diverted northwards by a complex of dams and

tunnels so as to flow into the republic's Vaal River system.

South Africa's industrial planners have long been aware that the Witwaterstand will by

the turn of the century suffer

For the first time ever, someone chewing their nails at home over a loved one's late flight arrival, need no longer jam the airport switchboard.

They can now watch on their Prestel TV exactly the same up-to-the-minute flight information that's displayed at the airport terminal.

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Information on thousands of incoming and outgoing flights at British airports is constantly fed by microprocessors into the SkyGuide centre in Brighton.

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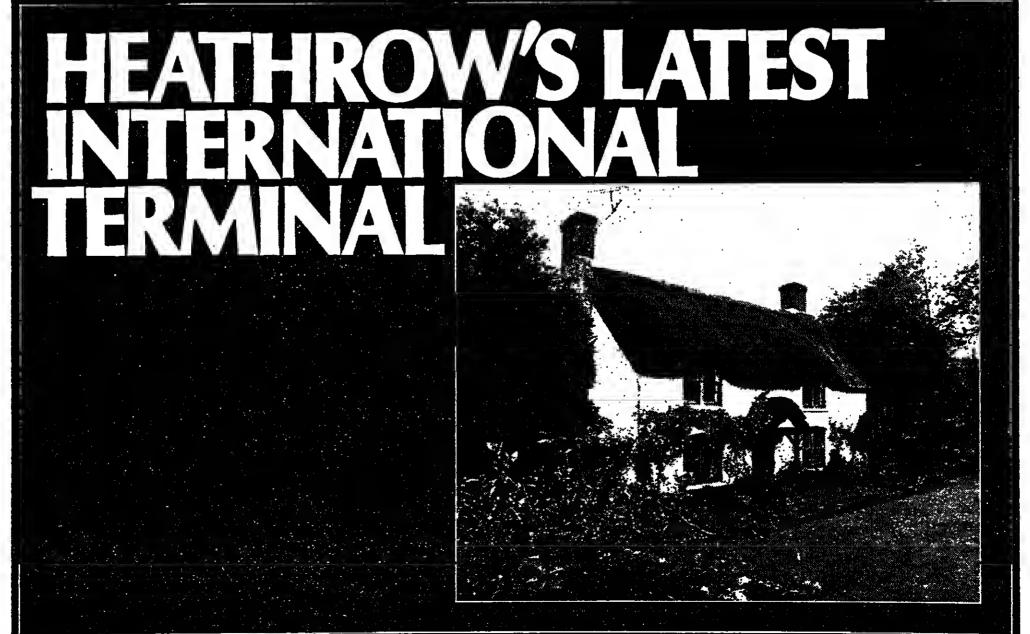
It says a lot about Rediffusion that American Express bought British for this daunting task.

But then, we are a leading electronics company, with an international turnover of over £250 million and a worldwide reputation to match.

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National water strike near to a settlement

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITAIN'S first national water strike was on the verge of settle-ment last night on the basis of the findings of the committee of inquiry which was established to resolve the pay dispute.

Union negotiators for the 28,000 manual workers in the water and sewerage industry appeared ready to call off the four-week old strike under the plenary powers given to them by the union leadership.

The report from the deeply dividwhich began work last week, recommends pay rises of 9 per cent over 12 months or 12 per cent over

This compares with the employ-er's final offer, before the committee was set up, of 7.3 per ceot over

While the final offer, made through a meeting of the National Joint Industrial Council, may still be put to union members for information purposes, it seemed unlikely last night that the workers would be given the opportunity to take the

decision on the inquiry's results.

The committee, under the chairmanship of Dr Tom Johnston, principal of Edinburgh's Heriot-Watt University, finally completed its report yesterday, two days later than originally expected. It was de-



to Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service, but it was signed only by Dr Johnston

The two other members of the in-quiry, Mr Bill Keys, joint general secretary of he print union Sogat '82, and Mr Michael Bett, industrial relations board member for British Telecom, had split over the money to be awarded. Their disagreement had not been resolved by the time

the report was completed.

Details of Dr Johnston's findings
were put to both unions and employers. It was understood last presented as a significant improvement.

to award the extra money mainly through the consolidation of some productivity earnings.

The employers' offer made before the inquiry would give increases in weakly average earnings of £10.61.

Two lengthy discussions had de-layed still further publication of the inquiry's report and the unions' response to it. First, detailed technical work was carried out oo the findings, applying them to specific jobs to discover how individual earnings would be affected by the productivity proposals.

Much more difficult, though, was

an argument about how to present the findings as an award. Since under the 7.3 per cent offer, two thirds of the workforce would have re-ceived increases of 6.5 per cent because of a doubling of a supplemen tary payment to long-service work-ers, an increase of 9 per cent could be presented as only a marginal concession by the employers.

However, because the 7.3 per cent offer over 16 months was worth less

Minister to meet Allied over closure at Linotype-Paul

profit in the current year. It was on

should be easily sustainable in view

these figures in respect of the UK operations of the company, but said

the loss last year had been nearer £800,000 and that the Linotype-Paul

group as a whole, including U.S. and German operations, had been in loss for the past three years.

"We will only be employing another 130 people in Germany, against 500 being made redundant in Cheltenham, which is an indica-

BY LORNE BARLING AND IAN RODGER

EXECUTIVES of Allied Corpora- ufacturing in the U.S. to cut losses, tion, the U.S. parent of LinotypePaul, have agreed to meet Mr Patrick Jenkin, the Industry Secretary,
oo Friday. They will explain their lightly and followed a four-mooth decision to stop production of electronic typesetting machines at Lin-otype-Paul's two factories in Chelt-the employees' consultative comham, Gloucestershire, with the mittee, said that while the company had made a loss of £0.5m last year,

Mr Jenkin said yesterday he was it was forecasting a £1.7m pre-tax surprised at Allied's decision because be understood the Linotype- target in the first quarter with a Paul operations in Britain were profit of £407,000.

fairly successful. He was seeking to find out if there was anything that £1.9m in 1980 and nearly £4m in the Government could do to alter 1979, he said. "A loss of £500,000 tion of electronic typesetting ma-chines at the company's factory in Linotype-Paul did not dispute

type-Paul, has resigned as non-executive chairman of the company in protest at Allied's action.
Another director, Mr Derek Kyte,
has also announced his resignation. Linotype-Paul has claimed thet the outlook for sales of its machines was not bright and has pointed to the need for concentrating produc-tion. The choice of West Germany was tied in with research and devel-

"The group recently stopped man-

signs deal on 35-hour week

By David Goodhart METAL BOX has become the first

major engineering company to reach agreement on a 35-hour week for hourly paid shift workers. The agreement – which will cover more than 5,000 workers – has been

reeted by union leaders as a major breakthrough which is likely to set a precedent for conditions agreements in the engineering industry.

The reduction in hours will be in two stages – from the present 37% hours to 36% hours in April and

The agreement on hours was tied in with an average 6 per cent pay rise and the introduction of continuous five-shift working.
Mr Terry Duffy, AUEW president, said yesterday: "This agree-

ment just proves that new technolo gy and continuous shift working can bring substantial rewards." Mr Jack Whyman, AUEW executive member who signed the agree-ment on behalf of his union, said: "This will have a hell of an impact

tioo of how the market and our products have changed. We are looking for a means of survival during the 1980s."

The EEF are due to re-enter negotiations on conditions with the major unions in engineering in November The EEF are due to re-enter ne-

Metal Box | Control Data plans to take 38% of UK computer group

data processing manufacturer, plans to invest 18m to acquire 38

ta the single largest shareholder in Systime. A further Com is to be in-Systime. A further com is to be invested by Ivory and Sime, the Scottish investment house, on behalf of
institutional clients, along with
merchant bank Kleinwort Benson
and another unnamed investor.

State of the State of and another unnamed investor.

al funds to finance further expan-sion and to cover part of the cost of a £20m production plant which it built recently in Leeds.

The company, which was founded in 1972, reported trading profits of

£2.2m, on turnover of £32.1m, for the year to September 30 1981. It said sales were growing at an annual rate of 40 per cent: It specialises in supplying busi-

ness system packages using mini-and microcomputers which it devel-oped itself. It is one of Control Da-ta's largest UK customers, and bought the worth of memory de-

CONTROL DATA, the large U.S. vices and other peripheral products data processing manufacturer, from the U.S. company last year. plans to invest Ekm to acquire 38 Control Data is particularly per cent of Systime, one of Britain's strong in large computers and peri-fastest-growing computer compa-pherals and specialises in education and training systems. It does not The proposed deal announced supply microcomputers at present, yesterday, would make Control Da-but is expected to discuss with Systime the possibility of selling the latter's smaller machines in the

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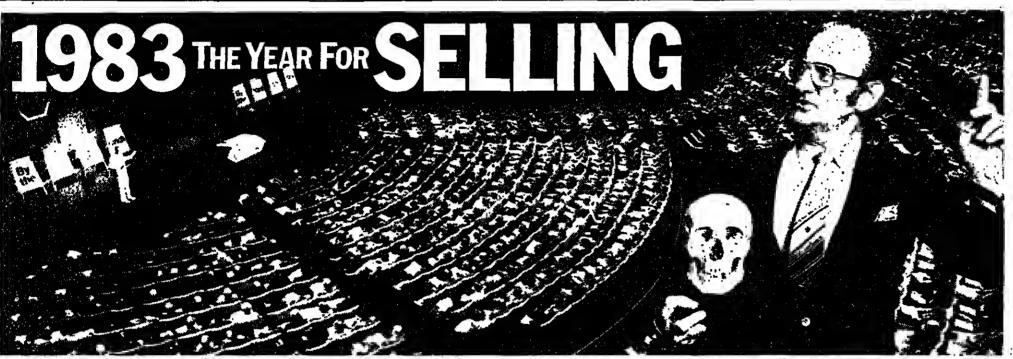
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Systime, which is not a quoted where if employs about 1,600 peo-company, said the £13m injection pie. It also owns United Peripher-would roughly double its capital als, a computer equipment supplier, base. It expects to use the addition-

The BTG at present owns 29.5 per cent of Systime. Its interest will be diluted to about 12 per cent after the new investments. Ivory and Sime's holding is due to fall to 25 per cent from 36 per cent, while the percentage of equity owned by Systime's directors and staff will decline to 12 per cent from 34.5 per



Alas, poor Yorick, he failed to make his 1982 target! Give John Fenton your sales team for just HALF A DAY this Spring and make sure none of your people end up like Yorick

The Bitly Graham of Selling is on tour again with the Institute of Sales & Marketing Management's Spring and Summer '83 Road Shows. Last year, 20,500 sales and marketing executives from all kinds of businesses attended his twenty shows. 13 were sell outs. This year-the National Year for Selling-it looks like the same thing is going to happen again, so book your tickets early

You don't even need to take a whole day off the job this year -just HALF a day-because the 1983 Road Shows start at 2pm and run till 8pm. So you miss the rush hour traffic both ways. And at £30 per ticket, INCLUDING VAT and three trips to the tea/coffee department, the cost shouldn't put you off either. Any self-respecting positive business person would be out of his/her skull to miss this?

1983 is truly the year for SELLING. The year for new ideas and new initiatives. Here's where you find those new ideas and initiatives. Whatever your business, most of the 101 tried and tested items on each show programme can work for You. It will be fun, too, and you'll be mixing with thousands of other positive people who are determined to make things happen for themselves, for their businesses and for their Country.

John Fenton is fast making Selling the most exciting thing you can do with your clothes on. And that's important-because Selling makes jobs!

101 ways to increase your

June 13, Croydon

The Spring '83 Road Shows March 3 FULLY BOOKED ydon

March 10, SuperCentre, Harrogate March 16, Odeon, Birmingham April 14, Usher Hall, Edinburgh April 19, Free Trade Hall, Manchester April 26, Colston Hall, Bristol May 12, Wembley Conference Centre

Taking the ICE out of Price; 'Can I help you' and similar crimes; the power of 'Only' and 'New,' using AIDA; focusing on the USP; the art of demonstrating; motivating your distributors; collecting; satisfying complaining customers; directories; Well Done letters; buying signals and body language; how to deal with a Dutch auction; the 'Jekyll and Hyde' technique; the most powerful question in selling; the objections 'think tank;' second source techniques; teaser cards; how to kill a rumour; closing; PMA-I can, I must and I will!

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101 ways to increase your managerial effectiveness

The Summer '83 Road Shows

May 17, Royal SOKED tre, Royal Sommittee Spa May 23, Colston Hall, Bristol May 26, Usher Hall, Edinburgh June 6, Free Trade Hall, Manchester June 13, Fairfield Hall, Croydon

How to lead a sales team; how to motivate subordinates and superiors; how to make decisions; easy ways to control your money, cut your costs, trim your fat, sort out moonlighters and leadswingers; how to make your business bustle; how to earn respect; using league tables, titles, the grapevine, management styles; setting easy to attain targets; winning over 'blue assed fly' disease; training on the job; generating team spirit; pay and incentives; recruiting winners, not losers; going for growth with zero budget; how to appraise, evaluate and improve performance. '82 Road Show £34.50 (incl. VAT. p & p). Audio Cassettes (4) of Spring All Road Shows start at 2pm and run till 8pm. Doors open 1pm.

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EP Record 'Theme for 1983-The Year for Selling' (£2)

Ex-Lloyd's broker makes legal move

BY JOHN MOORE, CITY CORRESPONDENT

MR Christopher Moran, the first He was also found guilty of conceal-Lloyd's insurance broker to be expired ing from the Lloyd's committee and pelled from the market under the syndicate's auditors the extent Lloyd's legislation, has been given of sums of money which his brokers to apply for a judicial review king company, was spending on in the courts of the explusion version of the explusion version of the explusion of the explusion of the explusion.

He is understood to have gained He was found guilty in his capaci-clearance from the courts last ty as a director of his underwriting month to make application and the agency of condoning the failure of case could come before the courts in the underwriter to exercise any the next few weeks.

Last October, insurance and surance contract. The arbitration broking and underwriting was said that he failed to ensure that stopped at Lloyd's after all mem-correct figures were submitted to bers were summoned to vote on the the authorities in the proper time explusion of Mr Moran from the for approval. narket. He was found guilty of abusing Nearly 2,000 members of Lloyd's his discretion in the operation of

etv and 113 voted against. Mr Moran had been found guilty

attended the meeting. Explusion rethe insurance contract by exposing quired a majority of 80 per cent of the syndicate to unnecessary and those voting on such resolutions. In unacceptable financial risk the vote, 1,708 supported the move through arranging reinsurances for to exclude Mr Moran from the society and 113 voted against. .Together with an underwriter

after arhitration of taking a profit or Mr Moran was found guilty of acts commission not provided for in the or defaults discreditable to both of terms of an insurance contract arthem in connection with the busiranged with Lloyd's syndicate 566. ness of insurance.

Army's foreign diet not British, Thatcher told

WITH THE Labour Party showing There was some awkward juggling little signs of revival in the between her passionate patriot-House of Commons yesterday it was left to Conservative MPs to put the Government on its met-

Sir Timothy Kitson, chairman of the all-party Commons defence committee, gave Mrs Margaret Thatcher a nasty turn during Prime Minister's question time: He suggested that she should have a word with those respon ble for buying food for British forces in the Falklands.

When the committee was on the is-

lands its members were surprised to find the troops were eating French apples, Danish bacon, Eastern European pork, Uruguayan beef and (significant pause) Argentinian tinned beef. There were, however, a few cabbages from Lincolnshire. Surely Britain can do better than that," he commented. For a mo-

ment Mrs Thatcher was stopped m her tracks. Then, staging a quick recovery, she distanced herself from the allegation by adopting that manner which implies "yes, isn't it shocking, the Government really should do something about it." She recalled that she had helped launch the Food from Britain

campaign and assured Sir Timothy that his strictures would be brought to the attention of the appropriate people.

between her passionate patriotism and her commitment to the free market, as she ended up by urging British food companies to put in competitive tenders to feed British soldiers.

As Sir Timothy put his question he was cheered on hy Labour MPs who were probably wondering: Why don't our lot manage to think up questions like that."

Mr Foot seemed in a fairly subdued mood after the weekend stories duly denied - of mutinous mutterings against his leadership. Perhaps he was a bit worn out after that morning's exertions when he had given Greater Lon-don Council (GLC) leader Ken Livingstone a tongue lashing and persuaded him to drop proposals for donating £53,000 to the Troops Out movement, which is opposed to British policy in Ire-land.

It cannot be easy having to rush round quashing proposals which almost seem designed to ensure the election of the Liberal-Alli-ance candidate in temorrow's byelection at Bermondsey.

Mrs Shirley Williams of the Social Democratic Party nipped in to take advantage by calling on Mrs Thatcher to block any GLC attempt to give ratepayers' money to the Troops Out campaign.

Poll boost for Liberals

BY MARGARET VAN HATTEM the former Labour "stronghold."

The Opinion Research Centre poll, taken from 842 people in Ber-mondsey on Saturday, Sunday and Monday, gave Mr Simon Hughes, the Liberal/Alliance candidate, and Mr Peter Tatchell, the Labour candidate 30 per cent each. Mr John O'Grady, the Indepen-

THE LIBERALS have drawn level dent Labour candidate, had slipped with Labour in the Bermondsey by election, according to an opinion poll taken over the weekend, and were yesterday being tipped as favourities to win tomorrow's poll, in the former Labour "stronghold." cent between them.

Ladbrokes were yesterday giving odds of 6.5 on both the main candidates, while William Hill was quoting Mr Hughes at 6-4 on, and Mr Tatchell at evens.

How not to win an election, Page 15

ent is wrong, we're here to put it right. ASA Ltd, Brook House, Torrington Place, London WCIE 7HN

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UK NEWS

Indicators show economy to be still stagnant

BY OUR ECONOMICS STAFF

FURTHER confirmation of the stagnant state of the British economy, particularly in the key manufacturing and industrial sectors, was published by the Government's Central Statistical Office yesterday.
All of the cyclical indicators which the Government uses to try to predict the future movement of

the economy showed very little movement in January, although it is difficult to draw conclusions from any movement since the indicators have become increasingly poor and unreliable markers. According to the longer leading indicator, the economy has been marching forwards for most of the past 12 months, whereas it has actually re-

mained fairly stagnant.
The longer leading indicator predicts changes in the economy one year ahead. It has moved from 107.7 in January (1975 = 100) to 119.3 in November, falling back to 119.2 in both December and last month.

Factors which would have moved the indicator ahead, such as improved busing starts and slightly improved business optimism, were cancelled out by movements in interest rates and share prices.

The shorter indicator, which attempts tha same process but over a period of six months ahead, spent most of last spring and summer stuck at about 112 and in the au-tumn at 114. In December it moved to 115.7 and last month was 116.4. although some of the data for Janu

ary are missing.

Tha coincident indicator, which shows the present state of the economy, had a fairly static 1982 except for signs of improved activity in July and August when it moved from about 101 to 102 and then 103. In November the coincident index was at 104, where it remained in December, moving marginally to 104.3 last

The positive effects of rising re-tails sales and capacity utilisation were almost cancelled out by depressed manufacturing production and changes in industry's stocks of raw materials.

The fourth indicator is the lag ging index, which attempts to show turning points in the economy about a year after they happened. This has been at about 88 and 89 for most of the year. Last month, it was

EEC aid sought for deprived

By Kevin Brown

THE GOVERNMENT is to press the European Commission to make deprived city centres aligible for di-rect EEC aid, Mr John MacGregor, Industry Under-Secretary, told the House of Commons yesterday.

city areas

Questioned by a Labour MP Mr George Park, Mr MacGregor said the Government would urge the Commission to extend aid from the European Regional Development Fund for designated assisted areas to areas included in the govern-ment's inner urban areas scheme.

Mr MacGregor, opening a debate on the West Midlands, denied that aid had been directed away from the area. Aid to BL alone totalled £1.23bn compared with £1.87bn to the end of 1982, for all other re-

Mr Park, opening the debate for Labour, said there were 49 people chasing every West Midlands vacancy. He contrasted the Government's unwillingness to break inter-national trading laws by banning car imports with the limits already imposed by other countries. "Are we to go on playing cricket while others practice karate?"

Music men launch the silver disc

THE EUROPEAN launch of the world's newest hi-fi product, the world's newest hi-fi product, the compact digital disc - which is expected eventually to replace the long playing record - began yesterday with the now obligatory razzmatazz.

tented by disc jockey and television presenter Noel Edmonds, some ageing rock stars and executives from Sony and Polygram, accom-

panied by loud pop music.
Tomorrow Philips, which developed the system, will unveil its players to the trade accompanied by an orchestra The disc, hailed as the greatest audio innovation since stereo ar-

rived in the 1950s, will be officially available in the sbops from next Tuesday. It has a much higher sound quality than the conventions LP and is likened to an original

master tape.

The disc itself is silvery, singlesided and just under 5in in diameter, and plays for one hour. The technology is based on Philips' Laser Vision video disc. Every disc has billions of minute pits on the sur-face which are read by a tiny laser

Development was started by Philips in tha 1960s. The final development was done in conjunction with Sony from October 1979.

More than 30 hi-fi companies are

One of the advantages is that end of 1984. of the savanuages is that there is no wear on the discs – they re durable and are not easily damged.

The compact disc was first will retail in the UK at £549 and has there is no wear on the discs - they are durable and are not easily dam-

three months was better than ex-

video discs and even audio cas-settes, the world's consumer elec-tronics industry has agreed on a common format for audio discs. launched in North America.

By the end of the year Sony estibacking the system, including Mat-sushita, Toshiba and Hitachi. mates world sales will be 300,000 units, rising to 90,000 units by the

launched in Japan last October, and facilities for instantly selecting a the sale of 30,000 units in the first track or repeating part of the disc. The discs themselves will cost be tween £8 and £10. At present only Sony estimates that 40,000 play-ers will be bought in the UK in the first year. The system is being Japan.

The Society of Motor Manufac-turers and Traders, which last Au-gust awarded the classification to vehicles mada at Volvo's plant in Ir vina, Scotland, has now told the Swedish group that the "British" classification is "in suspense" and that no mention of it should be made in advertising and promotion for the time being.

The society's officials awarded the classification since Volvo vehi-cles made at the Scottish plant fulfilled the requirement that 50 per coent of the total cost of production was British.

Volvo told

to drop

'British'

sales tag

By Kenneth Gooding, Motor Industry Corresponde

A BITTER row about some Volvo

trucks and buses being classified as "Britisb" has intensified after pro-

tests from Leyland Vehicles, the BL

Leyland argues that the claim must be open to question because the vehicles have Swedish cabs, en-

gines, gearboxes and axles Behind Leyland's agitation is the fact it has been told by two major. state-owned organisations that Volvo vehicles bave been added to the list of "British" products which they

Laboratory sets up club for laser users

BY DAVID FISHLOCK, SCIENCE EDITOR

CLUB for companies interested in the development of industrial tools using high-power lasers has been set up by the UK Atomic Energy Authority (UK AEA) at its Culnam Laboratory near Oxford.

For an annual subscription of £10,000 companies such as Rolls-Royce, Shell Research and RL Technology have become foundermembers of the Culham Laser Us-

ers Club.
The club's basic technique is the carbon dioxide laser, developed by Culham as an advanced technology for the measurement of operating arates continuously at a power level

conditions during experiments in thermonuclear fusion reactions. Culham is expecting a £3m contract for the procurement of laser diagnostic equipment for JET, the nearby Joint European Torus,

£350m Euratom fusion experiment. Dr Mick Lomer, Culham's director, said yesterday that his laboratory's most powerful lasers could cut and weld steel up to 8mm thick or more, quite simply and reliably and at a good speed. "It's not a toy,"

Culham's most powerful laser op-

of 5 kilowatts, and the laboratory has paired lasers to produce a 10-

It bas licensed this 10-kw system to Flexible Laser Systems, which has married the laser with a Swedish robot to produce a versatile metai cutting and welding machine.

Culham itself has demonstrated the butt welding of 30-inch steel pipe, in a development contract for a North Sea operator.

Culham Laser Users' Club is analogous to similar clubs pioneered by the UK AEA at Harwell, for technologies such as heat transfer and industrial processing. The club is backed by the Department of Industry, which matches every pound contributed by its

members. Results of its development programme ara available to Much of this work is concerned with the development of equipment to present accurately tha work to

laser beam. The programme will be managed by Dr lan Spald-ing, and guided by a steering committee on which all club members would consider purchasing.

UK residents born overseas total

6% of population

BY ROBIN PAULEY

ABOUT 6 per cent, or 34m, of Brit- continent came to Britain in a maain's 54.3m population was born outside the UK, nearly half of them coming from the new Commonwealth countries and Pakistan. This compares with 5.5 per cent of the 53.8m population in 1971, a rise of

The analysis of country of birth of British residents from the 1981 census data, published yesterday, shows that 1.5m people were born in the new Commonwealth and Pakistan, compared with 1.15m of the

number of people in Britain who of the 1960s and 1970s, were born in the Irish Republic, down from 709,000 in 1971 to 612,000 also published yester

Of the 51m people living in Brit-ain in 1981 who were born in one of the three countries of Britain, the vast majority were still in their country of birth. Some 98 per cent of the English born were in Eng-land, 86 per cent of the Scots were in Scotland and 79 per cent of the Welsh were still in Wales.

.The number of Scotsmen who venture to live in Wales and the number of Welshmen who go to live in Scotland both fall below statistical significance - less than 0.5 per cent of each country's resident population in fact in 1961 there were only 13,000 Welshmen in Scotland (population 5m) and only 21,000 Scots in Wales (population 2.7m).

About a third of Britain's popula-

tion lives in Greater London, the metropolitan counties and the Clydeside conurbation. But of the population born abroad 55 per cent live in those areas. The population trated in Greater London and the

the same - 943 - between 1971 and 1981. Within this total, however, there have been some significant changes during the decade, mainly because wives and children of improvements of the following the form th migrants from the Indian sub- (HMSO £9.10).

for reunification of families during

For the new Commonwealth and Pakistan born population as a whole, the male-female ratio fell by 10 per cent to 109 men for every 100 women. Within this figure, the ratio fell by 44 per cent between 1971 and 1981 for the population born in Pa-kistan and Bangladesh. In spite of this, there are still nearly 50 per cent more men than women who were born in Pakistan and Bangla residents at the time of the 1971 desh, indicating the extent to which pensus. There was a sharp fall in the separated during the immigration

The 1981 Labour Force Survey, also published yesterday, shows that the proportion of the population which is of working age is only 59 per cent of those born in the UK

But it rises to 75 per cent of those born in the Irish Republic and 84 per cent for those born in the New Commonwealth and Pakistan. This shows that very few of the immigrants who came to Britain during the past decade have yet reached retirement and pension age. The number of live births re-

corded in England and Wales con-tinues to fall, being estimated at 626,000 in 1962, about 1.4 per cent or 8,000 down on 1981, which itself was 3 per cent down on 1980. The birthrate fall between 1971

and 1981 was dramatic both for women born inside and outside the UK. For women born in the UK the number of births per 1,000 women fell from 84 to 62, a reduction of 27

The birthrate for women from Ireland fell from 115 per 1,000 womborn abroad is perticularly concen-trated in Greater London and the That matched the 42 per cent fall from 112 births per 1000 women to West Midlands. from 112 births per 1000 women to 65 for women born in the Carib-males in Britain remained exactly bean. Part of the decline in these

ALISTIN ROVER GROUP



Welsh miners to vote on pit closure strike

BY ROBIN REEVES

THE THREAT of a strike over pit closures re-emerged in South Wales yesterday, after the decision of a liery to stay underground until the National Union of Mineworkers (NUM) agrees to support the interest of the support of the s

(NUM) agrees to support their fight.
The strike by 28 miners at the Lewis Merthyr colliery, near Ponty-pridd, was being led by Mr Des Dut-field, the colliery's lodge secretary and vice-president of the South

Their action triggered an immediate sympathy stoppage by other miners in the area. By late yesterday some 3,000 men had stopped

The National Coal Board (NCB) wants to close the colliery in July when its best coal soam is exhausted. Miners are demanding further investment to open up a new face and extend the life of the pit.

After discussions at a meeting of \$100 to \$7m a year.

beginning the strike on Monday assuming the recommendation

the coalfield. The threat was lifted when the NCB agreed to look more closely at possibilities for further investment in South Wales, particularly in anthracite production.

Today's coalfield conference may

be reluctant to provoke a fight with the NCB over the Lewis Merthyr colliery. The NCB issued a detailed statement yesterday stressing that, despite efforts by men and manage-ment, further investment at the pit could no longer be justified.

The colliery was severely handi-capped by a "hopeless legacy of a weak roof and soft floor," and pro-duction conditions were becoming so difficult that the pit's operating sses were set to increase from

the MUM's South Wales executive There was no realistic option othyesterday, it was agreed to recommend an emergency coalfield ballot and the transfer of its 539 miners to on strike action to a conference of South Wales miners in Bridgesd to day. The aim would be to complete miners would be found jobs within the ballot by Wales and the conditions. All Lewis Merthyr day. The aim would be to complete miners would be found jobs within the ballot by Wales and the conditions. All Lewis Merthyr day. The salm would be found jobs within the ballot profile reduce the strength said. the ballot by Friday, with a view to a 12-mile radius, the statement said.

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DELTA. THE AIRLINE RUN BY PROFESSIONALS.

Oil: Tunisia's blessing in disguise

By Francis Ghiles, recently in Tunis

BY MIDDLE East standards, crude oil declined in 1981 and Tunisia is a very small producer 1982, for technical reasons and of crude oil, about 100,000 not because of the worldwide barrela a day on average, every oil glut, senior officials in Tunis

not belong to the Organisation of Petroleum Exporting Countries (Opec) and only joioed the Organisation of Arab Oll Producing Countries (Oapec) last year, after much opposition from its troublesome southern neighbour, Libya.

However negligible Tumsia's role in internationsl oil politics may be, such wealth as it has in oil, gas and condensate has (£511m) during the last Econo-

may be, such wealth as it has in oil, gas and condensate has been a crucial factor in maintaining the country's steady rate of economic growth since 1974.

Since oil was first struck, in commercial quaotities, 10 1964, at El Borma, on the country's south-west frontier with Algeria. oil exports have run only second to tourism as the country's major hard currency earner. They have provided a major contribution to what has traditionally been a weak balance of navments.

As the value of oil exports is tioo this year. as the value of oil exports is expected to decline this year apprehension is expressed by senior Tunisian officials, concerned that some of the industrial projects planned for the current Five Year Economic Development Plan (1982-1987) may have to be cancelled.

President Habib Bourguiba, who bas ruled the country since it became independent from the became independent from France a quarter of a eentury ago, was once quoted as saying that being a small produrer of oil, rather than a large one, was probably a blessing in disguise for Tunisia. It meant that it did not nurture economic ambitions above its station and
ensured that more traditional
activities in industry and agridid not nurture economic ambitions above its station and ensured that more traditional activities in industry snd agriculture were not deserted for what might be the mirage of new-found oil wealth. Retrospectively, the President can only be said to have been right.

Yet, as the production of reasonable. This was not always wants as many holes drilled as the case and some companies the case and some companies are that the burden is, ooce again, getting a little too beavy for comfort.

All agree, however, that the oil company seems to be pack-ange the rules of the game arbitrarily. The quick-witted and very urbane M Azouz Lastrucking is always wide open to the companies if they feel they have any problems." As it is, no oil company seems to be pack-ange the rules of the game arbitrarily. The quick-witted and very urbane M Azouz Lastrucking is always wide open to the companies if they feel they have any problems." As it is, no oil company seems to be pack-ange the rules of the game arbitrarily. The quick-witted and very urbane M Azouz Lastrucking is always wide open to the companies if they feel they have any problems." As it is, no oil company seems to be pack-ange the rules of the game arbitrarily. The quick-witted and very urbane M Azouz Lastrucking is always wide open to the companies if they feel they have any problems." As it is, no oil company seems to be pack-ange the rules of the game arbitrarily. The quick-witted and very urbane M Azouz Lastrucking is always wide open to the companies if they feel they have any problems." As it is, no oil company seems to be pack-ange the rules of the game arbitrarily. The quick-witted and very urbane M Azouz Lastrucking is always wide open to the companies if they feel they have any problems."

Production of crade (b/d)

Exports of crude (tons)

Value of exports (dinars)

Source: Tunisian Economics Ministry

Tourist receipts (dinars)

year, since 1979.

The smallest of the three North African countries does not belong to the Organisation of Petroleum Francisco and petroleum for the three that their country was just a little richer in oil and gas. They not belong to the Organisation need not then have worried so

creasing: from Dinars 480m (£511m) during the last Economie Development Plan (19:7-82) to Dinars 730m during the current Five Year Plan (1982-1987).

More than two dozen foreign More than two dozen foreign companies are actively drilling, onshore and offshore, and M Habib Lazreg, director-general of the state oil company, Entreprise Tunisienne d'Activités Petrolières (Etap), is confident that there will be no lack of candidates for the five or six blocks which Tunisia plans to farm out for further exploration this year.

He believes that Tunisia has been lucky, insofar as the blocks he is putting out to interna-tional tender to 1983 are close to ones where oil, gas and con-densate have been struck, recently, in commercial quanti-

companies to explore. The country has been politically atable for a long time and the level of taxes levied on the oll companies is considered quite reasonable. This was not always

TUNISIAN OIL PRODUCTION AND EXPORTS

1978

3.1m

85m

430m

1979

3.3m

150m

430m

110,000

1980

3.2m

210m

1977

2.6m

ALGERIA LIBYA

The foreign oil companies do

however, bemoan what they feel is the absence of long-term

when they stumble across an unforeseen difficulty in the area

they are prospecting. Quick decisions are not always forth-

coming, though the speed with which M Sadok Rabab, the

who is responsible for oversee-duct the thorough exploration ing the energy sector, insists programme needed to locate that he does not want the "oil new oil resources." that he does not want the "oil companies to lose money." He wants as many holes drilled as policies where oil exploration is concerned. They argue that they often need a quick "aye" or "nay" from the authorities

1981

2.910

260m

630m

110,000

recently appointed director of production and exploration, deals with his new department's affairs has given the companies some ground for optimism. Recent oil and gas discoveries owe much to the switch in policy implemented in the late

offshore gas field of Miskar, Elf Aquitaine, in the Gulf of which will not be developed Gabes were lost to Libya when which will not be developed until a later stage, the 1970s yielded very meagre results. This led the Tunisian authori-

tles to reassess their policies thoroughly. They decided to farm out smaller blocks, thus intensifying exploration: they atarted to prefer smaller companies, notably from the U.S., who might have more incentive to explore thoroughly than some of the majors who had long been present in Tunisla.

Tunisla.

In some respects. Elf Aquataine and Total, the two major French groups were the victims of having explored for so long in Tunisia, without much tuck. Both accept today that they needed to review their methods of exploration. New techniques bave also played a role in receot successes, all the more so as the country is, in geological and the country is, in geological and seismological terms, extremely complex. Sophisticated techniques and thus more likely than elsewhere to result in new oil finds.

The results of this switch in policy came quickly. Eighteen months ago, Amoco struck gas and coodensates at El Franigsabria, while Marathon appears to have made an interesting discovery of gas, oil and condensate at El Bibane, just off the southern form of Zarzis. off the southern town of Zarzis, in very shallow waters.

Houston Oil and Minerals, subsidiary of Tenneco, has found interesting indices of oil in, of all places, the suburbs of the country's second largest eity.

Oll is being found in sreas which bave been explored before. As a result, companies are trying to reclaim concessions given up as bopeless only a few years ago. Such is the case of Elf Aquitaine near the boly eity of Rairouan. The French comof Kairouan. The French com-pany surrendered a concession there in 1979, which it is seek-ing to reclaim, this time with an ally in the form of the Kuwalt Foreign Petroleum Company. Similarly, Marathon, which had banded back to Etap part of

its concession in the sonth-west, reclaimed it after oil and gas were struck at El Franig in 1981-82. For Total, the story is a less

the International Court of Justice ruled in favour of Tripoli, a year ago, in the sea demarcation dispute between the two countries. The loss is all the more keenly felt as geological surveys suggest that there was a good chance of find-

> During the last round of concessions, four years ago, about F5 per cent of Tunisian territory was farmed out for three or four was farmed out for three or tour years to foreign companies. That percentage could be increased by the concessions which should be handed out this year. Here again, the Tunisians have switched from the practice of granting concessions to a given company to the generalised use of international competitive tenders. tenders.

10W

Research bas been dynamised by the new policies, while the Tunisians have much benefited from the foundation of Etap nine years ago. Much concern nine years ago. Much concernhad been expressed three years
back at the lack of new
discoveries and it was feared, in
Tunis, that the country might
have to import energy after
1986. That fear has now receded
but the energy team built up by
M. Lasram is intent on insuring
that into the 1990s Tunisia will
be able to continue experting be able to continue exporting the same volume of oil as in recent years.

That is crucial if Tunisia's balance of payments is not to deteriorate further and the country's economic Independence be put in jeopardy.

The authorities are acting on two other fronts to conserve.

two other fronts to conserve energy. First, they have increased domestic energy prices since 1980. Secondly, they have initiated sector studies in find out how trains, boots and heavy lorries can save oil and fuel.

While it was not a party to the evenls which brought about the large increase in the price of oil nearly 10 years ago.
Tunisia has benefited considerably. The authorities were slow
to adopt a more dynamic policy
of research for oil but the
reassessment carried ont on that front in the late 1970s has already yielded handsome divi-Good relations between the

foreign oil companies and the Tunisian authorities will remain 1970s. After the discovery in 1970s. After the discovery in 1971 of the offshore oil field in 1971 of the offshore oil field in 1971 of the offshore oil field in 1971 on the offshore one. It has not been lucky oil producer. That is every the 1971 of the offshore concession it held oil is falling sharply: the key to Tunisla's future as an oil producer; That is even more true at a time when the price of

How management prepared the way for automation

BY PETER BRUCE

cial Times conference on automat- succeeds in the automation of this ed manufacturing were warned yes- final phase of production, without terday not to regard advances in au- losing sight of flexibility, will gain tomation merely as a means of re- the edge over their competitors."

ness should be scrutinised before investing in automated systems.

Automation should be regarded as a means primarily of increasing the efficiency of the business," he said. Too often, in my opinion, it is the vehicle by which management an hour, compared to an average of reduces manning. Not surprisingly, \$19 an hour currently being paid to in these circumstances resistance from the employees will be in-

Anderson Strathclyde has or-dered a £6m flexible manufacturing system (FMS) which is due to come on stream next year. Mr Mowat said the company had undertaken not to impose any redundancies on its total workforce of 4,320 because of the FMS project and employees bad accepted that job cuts could be encouraged through natural was-

tage. He said the new system, ordered from Giddings and Lewis-Fraser, the Arbroath machine tool manufacturer, would reduce lead times to a sixth and machining times to a lifth. Based on 1,000 castings a year this could eliminate 30 current jobs and reduced the inventory by £1m.

Mr Cesare Bracco, vice-chairman, manufacturing, of Fiat, said that since 1972 the company had assigned the main role in automation to robots. This bad come about after running into difficulties with workers using the rigid, high volume technology introduced up to the end of the 1960s.

The robot had only eliminated johs which workers found unsatisfactory. "However," he said, "it is clear today that it is impossible to imagine a factory composed only of robots. There is a great deal of work to be done on the car which demands specific processes in which the robot has only a limited role, as in helping to load and unload

Mr Bracco also raised a theme expressed throughout the conference - relative immaturity of robotics technology. An area where the industry was still at the start on the way to automation was final assem-

"Here, for all manufacturers, we can say that manual labour still man uncertainty into technology, dominates unchallenged, even if he said, because the degree to some phases have been automated. Which it can tolerote that uncertain

NEARLY 200 delegates to a Finan- open and I believe that whoever

ducing labour costs.

Mr J. B. Mowat, managing director of Anderson Strathclyde, the manufacturers, Unimation, told the conference that while many studies that robots could be used to relieve people of tedious jobs, the best reason for buying one

> After an initial investment of say, \$50,000 in a robot, be said op-erating costs could be as low os \$6 employees in the U.S.

FINANCIAL TIMES AUTOMATED MANUFACTURING CONFERENCE

Mr Mike Bright, managing director of Kearney and Trecker Mar-win, the UK machine tools manufacturer, said his company was de veloping complete flexible manufacturing systems which would sell, on age, for between £3m and £10m

But the company had decided to market its product on step-by-step basis, as authorative studies had shown that of large systems installed in the U.S. and Japan over the past 15 years, 14 out of 16 users were dissatisfied with performance The systems had not proved econ-omically justifiable because of poor pre-planning by the buyer and, in some cases, because of over-opbmistic estimates by the manufactur-

Dr Michael Cooley, a former president of AEUW-TASS, the British engineering union, followed up Mr Mowat's address by calling on automated systems manufacturers to ensure that their devolopments in new technology did not exclude the human element.

It had been argued that becaus of frailties associated with human beings, new systems should be de-signed to be able to operate without regard to buman manipulation However, it was important that manufacturers faced up to their so cial responsibilities.

"It would be useful to build hu On this front the race is completely to is a measure of its robustness."

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HAMBROS BANK LIMITED 23rd February 1983 COMPANY NOTICES

LEGAL NOTICES VICTORIA STORES LIMITED

NOTICE IS HERCAY GIVEN pursuant to Section 293 of the Companies Act. 1948, that a Meeting of the creditors of Victoria Stores Limited, will be held at Cork Gully, 55 Sheep Street, Northampton on Thursday the 3rd day of March 1983 of 2.30 o'clock is the atternoon, for the purposes provided for in Sections 294 and 295.

Dated the 11th day of Fobrusry 1983, V. A. WALTHAM.

Director.

LINEAR STORE DESIGN LIMITED

NOTICE IS HEREBY GIVEN gursuont to Section 293 of the Companies Act. 1948, ther a Meeting of the criditors of Linear Stone Desryn Limited, will be held at Ornel House, 55 Shoop Street. Northampton os Tuesday the 1st day of Merch 1983 et 11 00 o'clock is the torenoon, for the purposes provided for in Sections 294 and 295.

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FINANCIAL TIMES

GOLD FIELDS GROUP

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this being the first available rate of exchange for remittances between
Republic of South Africa and the United Kingdom on 22 February
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is therefore 107,106860 per thars.

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22 February 1983.

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WORLD'S LONGEST UNDERSEA TUNNEL NEARS COMPLETION BENEATH TSUGARU STRAIT

How they linked Honshu to Hokkaido Large recovery

BY ROY GARNER IN TOKYO

FOR over 20 years, the Japanese bave been tunnelling beneath the Tsugaru Strait, whose storm toused waters separate the main Japanese Island of Honshu from Hokkaido.

Now the world's longest under the property transport

undersea rallway tunnel — 53.85 km — is nearing comple-tion. At 9.23 am on January 27, tion. At 9.25 am on January 27, Prime Minister Yasuhiro Neka-sone detonated by remote control over a telephone line from Tokyo. 700 km to the south, an explosion in the 5 metres wide pilot tunnel wbich opened the way for a powerful and refreshing breeze from the mainland.

mainland. Tha Seikan tunnel is an historic communications link, first envisaged nearly 50 years ago by the Japanese Imperial Army. Exuberant construction workers celebrated the folining of the two halves of the tunnel with tears and sake, reflecting the significance the projects has for meny Japanese despite the widely-held belief that the projects will never economically viable.

Certainly, the earthwork Itself dne for completion in 1985 is regarded as one of the greatest achievements of tunnel engineering in history.

Some 23 km of its total length run under the sea — and under international waters, raising interesting questions about jurisdiction over incidents aboard trains in mid-tunnel.

It is also remarkable for the daunting terrain through which Japanese engineers have shown the courage and technological skill to dig.

Geological surveys began in 1953, using sonic wave, magnetism, artificial earthquake and seabed-boring methods. But the complexity of the undersea topography, and the strong currents of the Strait, were such that a fully satisfactory survey proved

Japan Railway Construction Corporation started work, relying on the drilling of a pilot bore to check the strata that lay

The drilling of the main tunnel, with a rotal diameter of approx. 11 meters, plus a smaller parallel service tunnel, diameter 4 to 5 metres, both undertaken by 17 subcontractors, has proceeded e mile or so behind. What the pilot tunnellers discovered was a



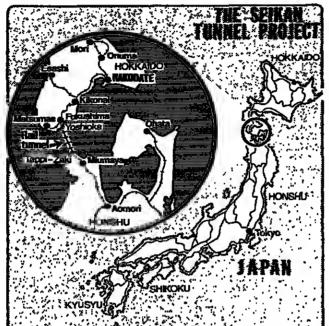
Tunnellers celebrate with saki and cries of 'banzai,' above as the islands are linked

containing large amounts of Major faults countered on nine occasions. In two instances, in 1976 and 1977, such faults led to sudden flooding, at rates of up to 80 tons of water per minute, and these and other difficulties beva

caused the deaths of 33 workers and the injury of 700 more. The worst problems came in 1977, when it took four months to move forward just 40 metres through a geological tangle of sedimentary siltstone and sandstone deposits with slip planes. The basic tunnelling approach has been first to drill as much as a mile ahead, with the use of small diameter rods, as an initial topography check. Next. a special grout, consisting of cement and liquid glass in

roughly equal proportions, is lojected up to 70 metres forwards at a pressure of around 1140 psi, a level approxiimpossible mately four times that of the Nevertheless, in 1964, the surrounding undersea ground water pressure. This grout solidifies within about five minutes, and excavations are then resumed for a distance of 48 metres. In the tricklest areas near the centre of the tunnel, the full injection process alone has taken up to 20 days, with excavation taking another 10.

Considered as a whole, the



sary for most of the work tunnel project's 2,000-plus em-because of the complex soil con-ployees is now whether, and how

The detailed evaluation of the geological strata, facilitated by "Shinkansen" bullet train line the pilot bore, has made the extension from its present tercompletion of the final 2.7 km in minus at Morioka. 100 km to of the main tunnel a comparathe south, through the numel

These home truths come as a crushing irony when the epic scale of the Seikan tunnel project is considered, but there is at least e plan for a conveotional train service to be run through the tunnel upon its completioo. Recently some poti-tical leaders have revived talk of its possible strategic value, JNR, which is faced with paying the tunnel's Y700bn con-struction costs, might start "car-trains," and perhaps lay fibre-optic cables, as ways of

But the main coocern of the

does not want. As the cheers died down on January 27, one tunneller spoke port the construction of a with emotion of the 1954 ferryboat disaster in the Tsugaru Strait, which claimed over 1,000 lives. He suggested with irony that it would require only one more such mishap to occur, for people to be reminded of at least one benefit the new tunnel brings.

DISASTER CONTINGENCY PLANNING

room set up

BY ELAINE WILLIAMS

TODAY companies are becomcomputers to run every aspect of their business. This means that when a disaster strikes such as a serious fire they need to get back into operation as quickly as possible.

On March 1 a service will open aimed at getting companies centre exists, the new venture is back to full computer operation within bours of such e disaster. The company offers a three-Known as the Failsafa Project. it is a joint venture between BL Systems and Atlantic Computer Leasing, one of Europe's largest independent IBM leasing com-

But since those ambitious

days of the early '60s, the plans

for a natonwide bullet-train

network bave bad to be cur-

tailed, owing to a string of set-

backs, including the oil crises,

the plunge into financial catas-

prophe of the Japanese National

Railway (JNR) system (pro-jected fiscal 1983 deficit Y2,400bn), and by the increas-

ing popularity, and cost-efficient competition, of internal air ser-

vices. As a result, many com-

mentators have described the

earning revenue from the tech-

nological wonder it basically

tunnel as e white elephant.

puter users can duplicate their puter users can duplicate their files and, theoretically, switch over if the main computer at their premises bas a major breakdown.

Mr Colin Bertbelsen, the computer consultant behind the setting up of Failsafe, says that though a few disaster recovery

The company offers a three year contract to potential users and costs vary according to the size of the customer's IBM installation. Mr Berthelesen said that about 20 subscribers could panies.

Around £5m has been preston ceotre. If the first invested in an IBM computer equipped centre at Preston in Lancashire where large com-

SATELLITE SCIENCE

Surrey hears a voice in space

BY MAX COMMANDER

UOSAT, the educational satel-lite built by Surrey University and basically designed for schools and studenta interested in receiving information from space is now transmitting in English by means of e speech synthesiser

It is the first time that such a device has been used in the spacecraft which was launched by NASA on October 6, 1981. Transmissions, says Surrey University, can be received anywhere in the world by the use of the simplest amateur radio VHF equipment, but domestic VHF radios are not suitable.

The speech synthesiser is a National Semiconductors "Digitalker" which speaks in English with e mild American accent. Under the controls from Surrey University primary computer the satellite is presently giving operational telemetry information—t be readings ere of ebont 59 gauges and 45 switches—about the equivalent of an aircraft dis-play panel.

Surrey University points out that it has already published calibration equetions so that anyone can listen in and find out, for example, the amount of solar particle radiation, the current supplied by the solar cells or the temperature of the batteries of the primary com-

The speech transmissions are presently on Saturdays and Sundays, primarly for the benefit of radio emeteurs. These are broedcast on 145.825 MHz and can be used by any narrow

band VHF receiver.
UOSAT's orbit passes over the poles but in Britain it is above the horizon three of four times each afternoon and in the early morning. These occur at about 96 minute intervals for periods up to 12 minutes.

Details of the orbit times are

evailable on Surrey University's UOSAT information service (0483 61202), but the university is also preparing a wallchart for amateurs and cobacle. This should be published. schools. This should be pub-lished shortly.



Batteries

Button cells from Gould Activair

BUTTON CELLS measuring only 0.456 ins diameter with a thickness of 0.210 inch, but able to deliver 0.400 of an ampere hour (400 mAh) have been introduced by Gould

Activair.
Using the zinc-air couple this cell, typical of a range of four available, bas an open circuit voltage between 1.35 and 1.45 votts and the minimum service life is three

The company says that zinc air technology has a number of advantages over other hattery systems. For example, It is less expensive than the present day silver and lithium cells, with a far greater energy density and has none of the pollution problems associeted with mercury

in addition, the output voltage is more constant throughout the lifetime and the unit has an excellent shelf

life. The The cells will offer extended life in low current applications such as liquid crystal displays and memory back-up systems. More on 0978 61984.

Waste water treatment

KENNICOTT WASTE Treatment of Wolverhampton has introduced a new process for the treatment of biodegradable waste waters.

Called Megox, the system is said to give substantial savings—in one case reducing the cost of treating efficient from £94,000 a year to £8,500.

The company recommends the system especially for tha food processing industries including abaltoirs, meat, fruit and vegetable packers and breweries. More on 9902 41121.



Italy's ski boot industry has lost market share but one company has bucked the trend. James Buxton reports

How Nordica stays one step ahead

MONTEBELLUNA is an attractive little town 30 miles north of Venice where the northern Italian plain meets the footbills of the Alps. On the outskirts and in the surrounding villages is concentrated almost the entire Italian Industry for ski boots, after-ski boots, and other sports shoes.

In the late 1970s Monte-helluna (and therefore Italy) is reckoned to have had 70 or 75 per cent of the world market for ski boots. Now, however, it has a much diminished, but atill respectable 40 per cent of a market which has itself declined.

Yet, one company dominates Montebelluna and is by far the montebellula and is by far the biggest world producer. Called Nordica, it consistently makes good profits and since the mid-1970s has pushed its share of the world market up from 10 per cent to 26 per cent. In so doing it has broken a pattern familiar to certain sectors of

Italian industry.
The Montebelluna area is one of those special centres that have flowered in the past two decades by concentrating on just one or two products. They have no dominating company hut consist instead of an inter-locking network of medium, small and may businesses, right down to the two or three mem-bers of a family working in their own kitchen in the "submerged" economy. Whether in knitwear, machine toola or ceramics, these towns are the envy of more mature com-pentors abroad, because they save costs (avoiding tax and social security contributions) and can raise or lower output

very fast.
The classic example of the "Italian model" at work in Montebelluna was the moonboots boom in the late 1970s when the area was producing about 5m a year of these simple after-ski boots made out of synthetic materials almost entirely in the kitchens and backrooms No major company was involved in production. The entire output was ordered and marketed by

nimble middlemen.
The ski boots industry in Austria and France as well as Italy was almost entirely an artisanal affair in the 1950s and 1960s. The major breakthroughs were the invention of injection moulding of the whole outer boot in the mld-1970s. As the process became more complicated the leading companies in the business in Montebelluna became fewer but bigger, and they gained great advantage in switching to the new production method faster than their foreign rivals. In the second half of the 1970s the Italians dominated the world market. Their sales rose from about 1m in 1970 to

more than 4m ln 1979. In Montebellung there were one foresaw lt," says Gluseppe man and chief executive until about a dozen major producers. Volpato, a professor of econo-



including Nordica, Dolomite and

Caber, the leading companies

today. All took advantage of the outwork system to step up

production very quickly. In 1979 the third biggest skiboots pro-

ducer in Montebelluna was Gar-

mont, making balf a million

Garmont, however, doesn't exist as a manufacturing com-

pany any more (though its name is still used), and one or two

other companies have closed. Coher is producing half the

600.000 pairs of boots it made in

1979. Most of the rest bave shed

ski-boots altogether or are pro-

Nordica easily predominales, with I.4m pairs of boots a year and sales of L72.5bn (\$52m)

The crash in sales came in

1980 when the second oil crisis

combined with a winter of little

snow in the Alps and exposed the weakness of the Italian industrial model. "The crisis was forseeable, but not everyone forses it." care Chromosome for the control of the

a taste of

Paradise

en route to

Bangkok.

ducing at a fairly low level.

staff and either moved out of

An innovative leader

NORDICA began as e small leather shoes and boot maker in the 1930s. But whereas some of the Muntebelluna companies still reflect their simple origins, the atmo-sphere and the language at the big Nordlea plant are those of an International company-which is what it is.

Some 90 per cent of its sales are abroad, and its biggest market is the U.S., which accounted last year for 15 per cent of its pre-tax profits, on sales of \$20m. Its second biggest market is

Total sales last year were only marginally up on 1981, but net profit after tax was more than 10 per cent of sales. The company is atill owned by the Vaccari family. It is the undisputed world leader in skiboots, with its next higgest rival, the Austrian company Koflach, producing 500,000 pairs of boots a year against Nordica's 1.4m, and Salomon of France further behind with 200,000 further behind with 300,000.

Its strengths are its name. its marketing ability. Until 1975 it sold to the U.S. through an importer there. Then for aix years, until 1981, it sold through a joint venture with the French ski manufactnrer Rossignol. Since then

should have spent more money on improving and developing our products. Everyone thought

the good times would go on

Volpato saya; "The Italian model works fine when things

are going well, but tends to break down when things go

hadly. Few of the companies

saw the need to go on improv-ing their products when they were already selling well. Several of them neglected to

invest much in marketing.
When the going got tougher,
with the Austrians and French
catching up, they badly needed

"The artisans and outworkers

at home, who were such an advantage when the market was going up, became a liability when it went down. Instead of

belp their suppliers keep going. The suppliers survived, but not

necessarily in the ski boot industry, while some of the companies failed."

While Montebelluna was in

better outlets.

mics who has closely studied the companies were mostly the industry. Most of the market consisted of people buying should have spent more money their first pair of plastic boots

when times were good and put looking after themselves, some them into property develop of the bigger companies had to

and ditching their leather ones. These new boots last for yeara

and are only used a few days a year. But most companies

planned on the assumption that growth would continue expo-

nentially for ever. Few of them knew much about the market

When the market collapsed by about 20 per cent In 1980, many of the companies were

caught under-capitalised and

heavily borrowed at interest

(good financial management and big margins are essential in the

ski-boot industry where sales

are only made for six months

their profits out of the business

Giovanni Caberlotto, who sold Caber to a U.S. company

in 1973 but remained its chair-

ment and luxuries.

year). Volpato claims that veral entrepreneurs took

which shot up sharply

they were sopplying,

Nordica has had its own operation in the U.S. with a sales force of 20 people who operate through dealers.

In Japan, where Norsica elaims to have 30 per cent of the market in value, the Italian company operates through a single Importing company which sells 70 per cent Nordica products.

This season there has been little snow until recently in much of the Alps and in parts of the U.S. For Nordica this means that this year's sales to dealers could be 5 per cent down—since dealers may be left with unsold boots from last year's production. "And we don't expect the market to grow at all for five years," says Giovanni Vaccari, the managing director.

Nordica is hardly producing fewer boots than in 1979 (1.4m pairs against 1.45m ln 1979) hnt lts factory workforce is down from a peak of 800 to 700. The first robots have been installed to control and feed the machines making the onter boot from moulds.
The inner boot, made of soft synthetic material, is mechanically stitched, partly in the factory and partly hy about 350 subcontractors who collect the cut pleces every

crisis, Koflach, the leading Austrian manufacturer, and Salomon, the French ski binding specialist which had decided to go into ski boots, forged ahead. The Italians claim that

loans, while Salomon already a solid company. Montehelluna only Nordica with better financial manage ment and marketing, rode through the crisis almost unscathed. Glovanni Vaccari, managing

companies benefit

unfairly from cheap government

director and part-owner of Nordica, is not very sympa-thetic about his former rivals. "They simply didn't perform properly. They should have made a lot more money when the going was good, which would have helped them when things went sour. The fact is that the whole ski equipment industry is rather underdeveloped."

Nordica's growth, on the other hand, was more orderly and well-founded. "For 12 years we have had nothing but excellent results," says Vaccari. "continually improving our market share. We have con-sistently invested not just in machinery and factory organisation, but in sales and marketing structures. We can be the pric leader and yet be very profit-able."

The world skl-boot market has stabilised at about 5.2m pairs a year, from a peak of 6.2m pairs in 1979. "The 1979 sales were inflated because they didn't correspond to actual sales to dealers. You could say that the market was down 10 per cent in real terms since the boom." says Vaccari.

But now, after the shake-out (which badly hit after-ski boots too) the Montebelluna sports shoes industry is beginning to recover again. Caberlotto, who says the ski-boot industry has learnt its lesson, now runs and owns a company called Lotto which makea 1.5m pairs of tennis and jogging ahoes in Italy a year. "Despite all the economic difficulties we face here," be says, "I made more morey less year than I care have money last year than 1 ever have before, and so did a lot of my friends."

GAMING ACT 1968

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Management selection

Matching by computer

at could have taken him—or rather two of his staff—up to four days to plough through hundreds of fat files. In the event the exercise was never as thorough as it should have

"We used to start at file 'A,'
give up at 'C' and then resort
to gut feel by tapping the company's informal network," he
says. "In the end the sbort-list consisted largely of the more visible people in the company."

Smith says that although the short-listed candidates were all suitable, the system was not as efficient as it might have been because scores of individuals

were never considered.

Today, the same request takes
Smith exactly two minutes—
thanka to the ubiquitous microcomputer. Instead of 300 sq ft
of files containing hundreds of thousands of pieces of paper, Smith now turns to a single

kevboard console.

Through it he can get almost instantaneous access to the personal details of more than 1,000 of the oil glant's top managers. Where the system comes into the own is that he can cross-match very quickly any number of job specifications and indi-

nwardly whenever one of BP International's personnel nanagers asked him for a shortlist of candidates for a top managerial job.

As head of the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company's staff development unit, his job was to do a companied to the company to the company

threw up five potential candi-in previous manual searches. dates. If a set of criteria does The need for a more sophisdates. If a set of criteria does not produce a suitable choice of individuals Smith can "fine tune" the specifications—by extending the age-span, for ex-ample—for another short-list

very quickly.

The system also has the facility for storing "discreet" information such as annual appraisals, company assessments of future grade potential and the individual'a next career step and development programme. Besuse of the sensitivity of such information the system in-corporates sophisticated security measures to ensure that only authorised staff can gain access. authorised stan can gain access.
In the year that the new
system has been in operation
Smith has been providing about
15 short-lists a month.
Smith is also using the
system for succession planning
—he has identified 300 key

posts, excluding the top 20 in the company, and ensures there is always a list of suitable individuals to fill the job in

In contrast, just over half the respondents said they had

increased the volume of com-pany information given to workers during 1982.

Few companies are good listeners, though. Only 7 per cent said that the main aim

of employee communications was a better understanding by

management of employees

Urwick Orr comments: "The vast majority of respondents sald that telling employees was

more important than asking them. In practice, they have

been more active at providing information about company per-

formance than they have been

in soliciting opinion — through attitude surveys for example."

*Employee Relations Survey

1982, available free from Urwick

Management Centre, Boylis House, Stoke Poges Lane,

Slough.

ist of candidates for a topmanagerial job.

As head of the company's staff development unit, his job was to do a company-wide search of managers to track the most sultable candidates.

most sultable candidates is the most sultable cand

ticated: management develop-ment system arose, says Smith, after BP changed its organisational framework two years ago from a divisional structure into eight separate profit centres and two supporting service organisations.

"We had in change our

passive unstructured and informal role, where everything was done manually," he says.
"In most large companies career development and succession planning at top managerial levels is usually two separate and distinct operations," says Smith. "Our computer-based personnel development system brings the two together and provides us with a quick and efficient facility for providing the relevant information to put the right man in the right job at the right time. We're not doing anything

different except we're doing it more efficiently."

Arnold Kransdorff

'Companies don't listen to their employees'

BRITISH COMPANIES still performance and plans. have a long way to go before they can claim to be good com-municators with their work-

There is still a hard core of employers who don't bother to information at all. And among those which claim to be doing at least something, most show marked disinterest in the views of their workers.

These are the main conclu-sions to emerge from a new study* of employee communications in Britain by Urwick, Orr and Partners, management consultants.

From a sample of more than 400 companies, Urwick Orr found that 15 per cent, gave no information whatsoever to their employees—two years ago the figure was 17 per cent.

This group was included among the 43 per cent of the total sample which said they bad not increased the amount of information given regularly to employees about company

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Learning from the Japanese, London March 24 1983. Fee: £138. Details from Mrs V. A. King, ACM Executive Services. 3 Valletta Glose, Chelmsford, Essex CM1 2PT, Tel: 0245 81982. Investing in management, London March 24-25 1983. Fee £74.75. Details from Rebecca Mark, Management Action Programme. Stoner House, Kiln-mead, London Road, Crawley, West Sussex RH10 2BG. Telc-phone: 0293,544818/544819.

have been through traingle,"

Interpersonal effectiveness workshop: developing the skills of seif-assection, Brunel. April 13-15-1983. Fee £340 fincluding follow-up day); £265 (not including follow-up day); £265 (not including follow-up day). Details from the Secretary, Management Programme, Brunel University, Uxbridge, Middlesex, UB8 3PH.

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Talking heads, speaking minds

What has interested me most bout the sudden debate which affairs, documentaries, drama— come from the newcomer Chanto ensure that what is being nel 4, which also offers Right about the sudden debate which has broken out over the Conaervatives' questioning of the assumptions underlying the welfare state is the tremendous shock it bas caused. The fact that the very idea of such questions comes as a huge sur-prise is surely an indication that television has not been doing its job properly. (It may be that newspapers are at fault too, if to a smaller extent, hut this is, after all, a column of television criticism. It is up to television to supply the Press criticism. It was, as usual, a newspaper which actually broke the current news story.)

There has been no lack of television programmes about various individual aspects of the welfare state. On the contrary, in the past 10 years we have seen a perpetual stream of dramas and documentaries and more recently drama-documentaries about iniquitous council bousing policies, or the need for better mental health facilities, or the poor provision for juvenile offenders.

2.88

Yet in every case that I can recall—and I am going back at least as far as Cathy Come Home—the assumption has been not only that the principle of a welfare state is a good thing but that its expansion is even better. In all the hundreds of programmes about schools, in-dustrial pollution, roads and so on I cannot think of a single one which has suggested even tacity, let alone explicitly, that the state (you and me in other words) should spend less money on the subject under review.

If any government had ever been wittess and credulous enough actually to do what television has suggested, taking up night by night and week by week the subjects championed by successive programmes and cussion of the thinking behind the subjects of the subjects of the subjects of the subjects championed by successive programmes and cussion of the thinking behind the subjects of the subject of the subjects of the subject of the s pouring out the money neces-sary to do what has been demanded — expand nursery education, improve sports faelli-ties, enlarge sheltered workshops, whatever the subject was —they would have been penniless and up to their ears in IMF debt within a single television

When it comes to preaching in Snturday Briefing, People about "public" money, television and Power and A Week in Politics (discussed here on Monday responsibility. Worse, no tele-vision channel has an editor

easlest solution to problems is seen as throwing money at them; and that television is projected as the "caring" force —champion of the people—in contrast to government which appears to consist of a hard-hearted bunch of self-seeking politicians. I believe this last

urged is at least coherent if To Reply and The Friday Alternot woolly practical.

Consequently each individual

Other series, such as Doctors'

Consequently each individual programme maker proceeds with his demands, explicit or implicit, for greater expenditure on his particular interest, with three cumulative results: that the philosophy of the welfare state is more and more entrenched because nobody is even thinking of questioning the underlying policy; that the easiest soluticy: to problems is other series, such as Doctors' Dilemmas and the law programme Out of Court (both are to highly defined and specific to be considered by the discussion on last week's Out of Court, presented by the underlying policy; that the easiest soluticy: to problems is prevent low-priced computerised prevent low-priced computerised conveyancing, which promptly raised the questions (even if they were just as promptly abandoned) about lawyers' abandoned) about lawyers' elosed shops and public interest versus private profit, and the questions of personal morality discussed on Doctors' Dilemmas phenomenon explains much of prove that quite common moral the hostility between politicians conundrums crop up in the most

6 There are few things in the world more fascinating than the talking head . . . depending, of course, upon whose the head is and what the talking is about?

(who have to make tough choices between deserving eauses) and television (which

eauses) and television (which blithely urges gifater expendi-ture on everything).

The main reason why televi-sion has behaved in this way for so long seems fairly plain: whereas you can get jolly good pictures of a ramshackle school lavatory or an old lady with sticks suffering from lack of a the welfare state as a whole. Yet programes on "difficult" abstract subjects — morality, politics, philosophy—are now being presented with increasing frequency, and It is these that I want to consider.

The ostensible subject matter varies widely, from the arts in Voices and Omnibus to politics by Peter Riddeli) and personal and religious morality in Priestwith the duty to impose an land Right or Wrong, Sunday editorial policy across the full Night and Predicaments. It is

widely varying areas of activity. No matter how much the subject matter may vary, the most striking thing about these programmes is the similarity in their approach; practically all of them rely largely or wholly on "talking beads." In principle there is nothing whatever wrong with this; indeed, it has long been my contention that there are few things in the world more fascinating than the talking head... depending of course, upon whose the bead is and what the talking is about.
The Omnibus discussion on
the rights and wrongs of sending the Elgin Marbles back to Athens, chaired by Richard Baker, was fascinating because the participants included Melina Mercouri, Dr David Wilson of the British Museum, and Enoch Powell; all powerful speakers.
As it happens, I began the programme believing the marbles
should be returned, but changed my mind entirely thanks to Melina Mercouri's Indicrously melodramatic exhortations and her claim that the frieze would best be put back where it came

where nobody could see it. Voires has also been at its

speakers has been strongest; even though John Berger and Susan Sontag started off their discussion about story-telling at different points on parallel sets of rails and took it in turns to advance so that they passed and repassed each other without meeting for the first 45 minutes. they were still worth listening to because they happen to be

good speakers.

All this may seem like stating the obvious, yet that appears necessary in view of the apparent growing helief within television not only that "everyone's entitled to an opinion" (which is of course true) but that all opinions are of equal interest to the viewer (which is of course rubbisb). Mavis Nichol-son, whose programmes for Thames have often impressed

Doctors' Dilemmas, which is exploiting the bright idea of modifying Brian Lapping's Granada "Hypotheticals" hy enacting the story instead of merely stating it prior to ex-ploring its moral dimensions, would have been more effective if the casting had ensured both more ontspoken and more widely spread artitudes.

However, having started by elaiming that television has falled to explore the assumptions underlying the welfare state and instead merely made plecemeal demands for impossible extra sums to be spent on it. I must end by pointing to what could be the thin end of an interesting wedge, which an interesting wedge which could open up this whole area. (everything seems to happen there these days) carried the first of what is promised as an occasional series called Weekend World Inquiry, chaired by Brian Walden. Ninety minutes long, it investigated the Nationa Health Service and tried to find ways to improve efficiency with-out spending ony more money. Admittedly, the casting of the political trio commenting on the report was predictable and rather tedious, but in television terms the overall approach was positively revolutionary. It is to be hoped the series is not too occasional.

Bath Festival programme announced

programme of this year's Bath Festival.

Theatre

LONDON

A Map of the World (Lyttelton): Brilli-ant new play by David Hare, set in a luxury Bombay-hotely where a Un-

esco conference on world poverty has been convened. Chill, meticu-lous production by the author has

strong performances from Rosham Seth (Nebru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideologi-

activess in the middle of an ideologi-cal showdown, (\$23,2252).

Nelses Off (Savoy): The funniest play for years in London, now with an improved third set and a top-class replacement cast. Michael Blake-more's brittimt direction of back-stage shousingues on tour with a third-rate farce is a key factor, (\$38,8388).

(836 2680/4143). Other Places (Cottesloe); Triple bill of

Harold Pinter plays superbly directed by Peter Hall. Pinter breaks now

ground in A Kind of Alaska, Judi

Dench outstanding as a woman coming out of coma after 29 years

and accelerating from small girl to adult maturity in balf an hour.

The music of Jehannes to make every festival as Chamber Orchestra (May 29), val's Contemporary Art Fair, brahms, whose 150th anniver- different as possible from the virtuoso French planist Cecile sponsored by John Menzies.

Ousset (May 30) and the Designed for the public rather Brahms, whose 150th anniversary is celebrated this year, one before."

But he stressed that music
programme of this year's Bath will continue to be the domi-

than the dealer, the fair will feature some of Linda Kitson's Festival.

Announcing the festival programme yesterday Sir William June 12. Among overseas Glock, its director, said "we try will be the Polish will be represented in the festi
will am Bolcom (June 4) Wbo festive 4 Wbo festive 5 American popular song."

American popular song."

A new feature of Linda Kitson's drawings of the Falklands war.

A new feature of this year's Between 300 and 400 artists

Between 300 and 400 artists will be represented in the festi
series of literary events.

The Arts in London/Barbican

Michael Coveney

The Barbican Arts Centre has admirable view that the arts cribing the beastliness of Arts Council.

The Barbican Arts Centre has admirable view that the arts cribing the beastliness of Arts Council.

The identification of the deplored the amount of the deplored th been officially open for almost a year, and the Royal Shakespeare Company is presenting a mini-festival, sponsored by BP, to celebrate the anniversary. There are lunchrime plays, one-day events, Shakespearian films and public discussions. The first "Question Time" on Tuesday night, on the Arts in Loodon, was chaired by John Mortimer.
The platform speakers were
Trevor Nunn, joint artistic
director of the RSC; Tony
Banks, chairman of the GLC arts and leisure committee; and Clement Freud, Liberal MP for

on arms compared to that spent on the arts. Much of the debate concentrated on the theatre, and Mr Banks pointed out that the GLC had earmarked £8.5m for the theatre in London in 1983/84, the theatre in London in 1983/84, a figure exactly double that made available in 1980/81. He called for more public discussion of the arts and an erosion of the "fear of the threshold" that still keeps many people away from live entertainment in the called

the capital.

Clement Freud touched on

Mr Banks expressed the this latter point, too, in des-

ing a non-sexy issue.

As usual on such occasions, interesting points flew around the hall and eventually out of the window (I speak metathe window (I speak metaphorically; we were, after all, in The Pit). Trevor Nunn aeemed ill at ease and less than cogent, but he complained about the public image the RSC had acquired as a wingeling body before proceeding to winge mightily about the level of funding he receives from the Mr Mortimer expressed suspicion of any manifesto that dismissed the value of opera and classical revivals merely because white middle-class tax payers went to them, but Mr Banks was not rising to this batt. Instead, a white middle class lady councillor rose like a red herring and choked on it,

The identity of the Arts Banks put up a most impressive display, especially when calling on the public to he far more demanding of their politicians when it came to the distribution of public money. The money is not theirs but ours, he averred. Mr Mortimer expressed suspicion of any manifesio that dismissed the value of opera and classical revivals merely payers went to them, but Mr Banks was not rising to this hait. Instead a white middle-class lady councillor rose like a

The Everyman/Cheltenham

B. A. Young

When Beside the Sen comes off at the end of this week, the Everyman Theatre at Chelten-ham will be dark for two years. Dark, but not slient; for the builders are virtually knocking at the door already. The Everyman is a very pretty theatre, built by Frank Matcham

in 1891. Bot it is not in very good condition, and the erection of a new shopping centre behind it seemed a good momeot to rebuild. The auditorium will rebuild. The auditorium will new dressing rooms. At present not be changed, except that it there are two (not counting the will be redecorated, with oew star's dressing-room) which are seats and new carpets (if the in a kind of lean-to edifice

he public does not see.

Not entirely, however. A house next door to the theatre in Regent Street is to come down and give space for a block housing a new box-office, restautant of the see circle her and rant, offires, dress-circle bar, and
—best of all—a rehearsal room
hig enough tor use as a studio
theatre if needed. There will be

money goes that far). Otherwise the rebuilding will be confined mostly to the parts that the public does not see.

Not entirely, however. A will be eight dressing-rooms, the new hulding there will be eight dressing-rooms, the new hulding there will be eight dressing-rooms. will be eight dressing-rooms, with new accommodalion for costumes and the scene dock. Sir The stage will be deprived of its rake, and the atage machinery will be equipped with counterweights. Above it all will rise a new fly-tower. This will be barely visible from the street, though the frontage will certainly be changed. The new block will be incorporated in an extended frontage similar to Council. Be found the found the sir and the street.

Council. This leaves £600,000 to be found by the public.

Sir Ralph Richardson, Cheltenham-born, visited the theatre lately, though he has never played there. "What are you going lo do wilb the rats?" he asked. Pressed tor explanation, he insisted. "You must trap them all, and release them when the new building opens. when the new building opens. There are always rats in a

Barenboim/Festival Hall

David Murray

appearance here in some time, and was chiefly interesting on that account. He chose an allson, whose programmes for Thames have often impressed me in the past, is at the moment presenting a series called Predicuments produced by Carol Jones on Channel 4 which is proving how remarkably uninteresting some talking heads can be.

Doctors' Dilemmas, which is exploiting the bright idea of modifying Brian Lapping's Granada "Hypotheticals" hy enacting the story instead of listeners over any grander

Daniel Barenboim's recital on clean rests: the Andante lost Tuesday was his first solo appearance here in some time, and the Scherzo seemed—aston-ishingly—th contain not a single that account. He chose an all-Beethoven programme, but not a taxing one—from the "Pathétique" Sooata to the "Moonlight" later, too, though a few dropped stitches in the rhythms of its quicker movements prevented excitement from rising very from on 27. The opening hars

Granted various happy details, Barenboim gave the "Pathé-tique" no special stamp. It

Gregory Fulkerson / Wigmore Hall

Dominic Gill

cital, given by the American ln a naif, repetitive fashion violinist Gregory Fulkerson, was (to describe It as "from Glass's presented by The International opera" is misleading, since American Music Competitions Einstein is actually a huge fiveeach year for a different instru- directed by Robert Wilson, with ment, "intended to stimulate accompanying, if not incidental, greater interest on the part of performers, teachers and students in the large body of recital music written by Americans since 1900."

Tuesday night's Wigmore re- urgent, though quite pleasing -who organise a competition hour theatre-piece devised and music by Glass).

One bas heard larger and more lyrical performances of Charles lyes's second violin attention at once, their grave sonorities most thoughtfully reodered; nothing in the rest of the evening beld his listeners over any grander span, and until the "Moonlight" Sonata there was hordinate coughing from all parts of the full house.

Barenboim preserves bis enviable fresbness and simplicity. Nothing souoded studied; in least his believes the full house.

Barenboim preserves bis enviable fresbness and simplicity. Nothing souoded studied; in least his believes the full house.

Barenboim preserves bis enviable fresbness and simplicity. Nothing souoded studied; in least his believes the first movement of the full house.

Barenboim preserves bis enviable fresbness and simplicity. Nothing souoded studied; in least him with he proceeded the friendly, offhand manner in which he proceeded through the "Pastorale" rather beautifully curved. Sadly, a believe was peculiarly slow bitious sonata, allowing its spare structure to seem merely theme believel lowed at each span and until the mini-Adaglo was spare structure to seem merely theme believel lowed at each span and until the mini-Adaglo was spare structure to seem merely theme believel lowed at each span and until the proceeded in the proceeded the fine beautifully curved. Sadly, a believe was peculiarly slow in manner in which he proceeded the fine beautifully curved. Sadly, a believe was form and that which Mr fulkerson was their 1980 competition winner, and he opened his programme with an unexceptional account of morart's A major sonata R305, presumably to demonstrate familiarity with music from other ages and nationalities than his own. The rest was linable fown. The rest was linable own. The rest was linable fown. The solos, Richard Wernick's Cadenzas ond Variations II, composer of two winner, and he opened his programme with an unexceptional account of unexce

Das Liebesverbot/Munich

Andrew Clark

Munich is currently saturated case for the work. with Wagner . In his first of the composer's stage works, mostly in revivals of well-sung but staid-looking productions by his predecessor, August Everd-ing. The most rewarding performances so far have come in the final showing of Gunther Rennert's Ring, with the fresh-ness, humanity and musicality of the original production pre-served intact.

The main feature of the cycle, however, is the prominence it gives to Wagoer's three early flops. Die Feen and Rienzi follow in July; Das Liebesperbot, his second opera, has just heen staged in a new produc-tion by Jean-Pierre Ponnelle that makes a most persuasive

Wagner began Das Liebesverseason as Intendant at the bot when be was 20, conducting Bavarian State Opera, Wolfgang the premiere three years later Sawallisch is conducting all 13 in 1836 at Magdeburg. Only three people turned up to watch the second performance. Wagner called the score a mistake of youth when he gave it to King Ludwig II in 1866, and it was not till 1923, in Munich, that his "grand comic opera" reached the stage again. Little reached the stage again. Little has been seen of it since, though it was heard at London's University College in 1965, and a pirate recording exists of a German radio performance conducted by Robert Heger.

Das Liebesverbot-"The Ban on Love"-is loosely based on Measure for Measure, trans-posed from Vienoa to Palermo, adapted in Wagner's own Ger-man doggerel, and poured, with

of Italian opera buffa. Rossini is much in evidence in the light orchestration and scurrying tunes, and there is a mixture of Italian influences in the large ensembles, and in the selfconsciously florid touches decorating the vocal line of the influences—matching the un-likely presence of a German regent in Sicily—provide a puri-tanical contrast, which, in theory, underlines the dramatic conflict with carnival and romance, but in effect makes

an uneven impression. There are passages—some finely-sprung duets and trios and an extended solo srene for talent at work. The opera is

more than a drop of lumpy Teu-stageworthy and entertaining, tonic flavouring, into the mould and there is evidence of Wagner's latent melodic style, glimpsed in infuriatingly brief

By nature, though, Das Lieb esperbot remains derivative and exceptional, and as such, is of little more than passing curiosity value. Ponnelle handles the material on its own soprano arias. The Germanic terms, playing up the comedy for all it is worth, respecting the score in his movement of principals and virtuoso hand-ling of ensemble. The role of Friedrich demands a more dramatic baritone than Hermann Prey, whose tone is be-ginning to spread. The most rewarding performances came from Sabine Hass, an Isabella of poise and real vocal charac-ter, as well as from Sawallisch, baritone-that indicate a major in a sparkling account of a

Arts Guide

Music/Monday. Opers and Bullet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the

Arts appears each Friday.

The Entertainer (Roundabout 23rd & 8th Av) William Gaskill's evocation production of the John Osborne

solult maturity in half an hour. (\$282252).

Trafford Tanzi (Mermaid): Exuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (2385568)

The Pirates of Penzance (Drury Lane): Riotously sulgar Broadway import that sits Gilbert and Sullivan on a subcome cushion. One or two brilwhoopee cushion. One or two bril-hant set pieces, but is all this strenu-ously arthritic camping about really preferable to the prim stasis of the D'Oyly Carte tradition? (\$36 \$105) (2427800). madeus (Broadburst): David Dukes ing Cross Road (Ambassad

84 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Anglophile, Helene Hanff, and the owner of a West End bookshop. (838 1171) Guys and Dolls (Olivier). A first-class revival of this witty musical bappily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for sioging talents as well. (828 2222)

HOLLAND

(928 2252)

third-rate farce is a key factor, (836 838).

Yakety Yak (Astokia): Enjoyable pot port of songs by Lieber and Stoller, evocative of the 1850s and 180s, and caubarantly performed by a Liverpudlian quartet of brothers and The Darts, (437 8565).

The Real Thing (Strend): Fascinating, enjoyable new Tora Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Feter Wood's production and the performances of Roger Rees and Felicity Kendal (838 2880 4142). Mickery Theatre, Amsterdam: Slow Fate by Make Figgis, an unorthodox play treaturing music and projection as well as actors.

Vienna's English Theatre (421250): Arsenic And Old Lace (Duly except Sun) Theater an der Wien (579632): Anateu-ka (Daily except Mon)

NEW YORK

chestant stars an appealingly shuf-fling and quizzical Nicol Williamsoo while bringing the era of the Suez crisis to an American audience with Michael Sharp's beadline dominatcrisis to an American audience with Michael Sharp's headline dominat-ed set. An excellent supporting cast of Humphrey Davis as tather Billy Rice and Frances Cuka as Archie's long-suffering wife Phoebe.

stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life.

Theatre production of Mozart's life. (2470472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enhven a somewhat over-written clash ot ideologies. (2454635)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative reddition directed by Tony Tanner. (2455760)

(245 5760)
Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters boils down to a sitcom sensibility. full of gags, good acting and fre-quent phone interruptions.

inses (Fairbanks): Author Jopathan Reynolds takes advantage of a stant watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhooo. (432 W. 42nd). (3794200) Nine (48th St): Two dozea womeo sur-round Raul Julia in this Tony-award winning musical version of the Felli-ni film 8-ts, which like the original celebrates creativity, here as a series of Tommy Tune's exciting

cenes. (2450C46) Scenes. (248 CA6)

Plenty (Plymouth): Moving on to

Broadway from its Public Theatre
opening, Kate Nelligan stars again
in the New York production of the
play written and directed by David Hare about Europe's transition from war to peace over the tast genera-tion, (239 6200]

Pericles (Terrace): The Acting Compa-ny, one of America's distinguished travelling regional repertory

Court production enjoyed a short sold-out run, Caryl Churchill's runn som-out run, caryl churchill's rumt-oations on ambition and women re-opens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Botsford, again di-rected by Max Stafford Clark. (5987t00)

WASHINGTON

She Stoops to Conquer (Folger): The resident company adds Lucinda Hitchcock Cone as Kate Hardcastle and director Davey Marlin Jones for this production of Oliver Goldsmith's enduring comedy about English rural manners and matrinonial ambitions, 1546-5000).

Toyer (Eisenhower, Kennedy Center):
Tony Richardson directs Kathleen
Turner and Brad Davis in Gardner

McKay's new tense and twisted murder mystery set on a California tennis court (2543670) Show Boat (Opera House, Kennedy Center): A cast of 50 from the Hous-

February 18-24

ton Opera company led by Donald O'Connor revives the Kern-Ham-merstein musical of 1927 with its brilliant score including soogs Of Man River, Bill and Make Believe.

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc An-toine Charpeotier's original music for Moliere's masterpiece about quackery and hypochondria in the ancieo regime. (488 3300)

uy, one of America's distinguished us-relling regional repertory groups, dusts off Shakespeare's ro-manic tale of oear and feigned doubt but trusties the most family death that reunites the royal family of Tyre. (254 9895)

The Comedy of Errors (Goodman): With Adriana played by world champron baton twirler Sophie Schwab and Luciana by Gina Leishman who has mastered seven must cal instruments, this Shakespear could be nothing but a circus, espe-cially surrounded by the Flying Kar-amazov Brothers and street musi-cians and jugglers from across Am-erica in Robert Woodruff's lively production. (4433800)

Duet for One (North Light Rep. 2300 Green Bay, Evanston). Tom Kem-pinshi's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Samt (8697278)

F.T. CROSSWORD PUZZLE No. 5,105

1 Bond in a state of flux? (6) 4 Troubled peer's SOS for some hot coffee (8)

10 To Akhenaton, wife and mummy (9) 11 Banter from hothead in common café (5)

12 The bay for laundry (4) 13 Fantastic turf-dreams for bim at work? (4-6) 15 & 16 Insured vehicles that went west? (7, 6)

19 Zone where one starts to get frozen stiff (g) 21 Applaud team (a man short) for so long (7)

23. Two-master berating in form? (10) 25 Fish from the deep (4) 27 Bail one out-plea in court

28 Greets sound quality with a drop of the hard stuff (9) 29 Outstanding types halfway to the gallery? (44) 30 Hawaiian dish but classically balanced (6)

DOWN

1 The 3 between boards, on the way, such a man? (g)

Insured person—thrifty sort
—provider of help in time of
need (4-5)

Only one listener lett and he

is in The Lords (4)
S Old saving about pirate
high in Lakelaod (7) 6 Gert cleans out boxes in the

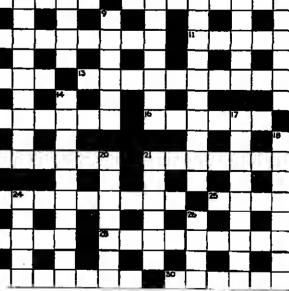
7 Throng finding inner-Hast-ings warmer (5)

8 Neat for day-shoe! (8) 9 Historic sort of building leaned to one side (6) 14 Car daring G. perhaps? (4-6) 17 They tell of Scottish isle rising to the hills (9)

15 Jasper in scrap? Has to stop overthrowing the rabble (g) 20 Many had teasing desire to brought down in the maln (7)

21 Outspoken. As a conse-quence—surrounded by police (6) 22 Where walker had a plank

put down? (6) 24 Old war-horae city (5)



26 Mainly loose change as Solution to Puzzle No. 5,104



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FINANCIAL TIMES

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Wednesday February 23 1983

Lessons of the **Dutch disease**

responsible for Western growth rate of some 4.5 per Europe's relatively dismal employment prospects for the rest yet real GDP has declined by of the decade. Labour market 1.2 per cent over the past two rigidity, declining real profit. ability, escalating social spend. The Dutch Government ing programmes, reluctance to rightly concluded long ago that confront the need for structural the appropriate remedy for this adjustment-alt are there in

At the same time the Netherlands offers a particularly interesting model for the British. The Dutch economy is open and endowed with considerable energy resources. And it is one energy resources. And it is one jump ahead of the game in that production of gas, the main energy asset, has already passed its peak. Are there any lessons to be learned from the latest OECD economic survey of the Netherlands?

The so-called Dutch disease involved upward pressure on the exchange rate as the economy hecome self-sufficient in energy in the 1970s. Production became more energy-intensive, productivity rose, and a centralised system of pay determination en-sured that traditional labourintensive industries outside the energy sector experienced more rapid wage increases than their own productivity performance

Gas revenues

The outcome was that tradltional Dutch Industry suffered an adverse movement in its terms of trade. The loss of competitiveness caused manufacturing jobs to become scarce and over the longer run the potential of the economy appears not to bave been efficiently mobilised. The pic-ture is all too familiar to the British observer.

There are, however, crucial differences, the most important being that a higher proportion beavily skewed towards social of gas revenues went into public programmes and North Sea oil and private consumption than has so far been the case in Britain. Government targesse, supported by the new source of income, permitted those who lost their jobs in traditional sectors and who were uoable to find new jobs in the more

more extreme form most of the sbare of public expenditure in ills that are reckoned to be total resources would require a

THE NOTION that Japan is

on the verge of a post-industrial era may seem distinctly odd at a time when the strength of Japanese manu-

the high-technology sectors, is causing so many political and trade problems in the rest of

the world. Yet the idea has

strong adherents within Japan and forms part of the anguished

debate now taking place about the future direction of the

Why should a country which enjoys extremely low rates of inflation and unemployment,

while yet retaining a modest GNP growth rate, be tearing its heart out over the question of where it is likely to go in the next few years? The short

answer is that Japan's ruling elite of bureaucrats, politi-

less confident — as well as less unanimous — about the eco-

nomy than at any time in the

One obvious cause for con-

Japanese manufacturing indus-try, despite its enviable reputa-

The official industrial produc-tion index showed a small year-

ton index showed a small yearto-year fall at the eod of 1982
after moving sideways for most
of the year. The stagnation of
industrial output, coupled with
a probable fall in capital investment by industry during
1983, reflects the fact that for
the first time in pearly a decade

the first time in nearly a decade Japan faces both slack domestic

that are, to put it mildly, un-receptive to Japanese exports. The problem is what, if any-

thing to do about lt.
The conventional view about

bow to cope with Japan's sudden loss of growth (a view that is held at the Ministry of International Trade and Industry and the Economic Planting Agency areas of the Economic Company of the Economic

bave stopped growing.

cians and senior busines

past few years.

Japanese economy.

structural deficit was to abift disposable income from the household to the corporate sector. Its chosen method was an incomes policy. But while pay restraint, reinforced by a currency pegged to the D-mark, held down labour costs in the non-energy sector, it was not enough to offset the effects of higher energy prices on profit margins. Public sector incomes rose too fast, reflecting privale aector pay trends through indexation when private sector employment was falling, so much of the benefit of the incomes policy was lost. As the Heath Coveroment discovered in Britain in the early 1970s, indexation and incomes policy make uncomfortable bed-

Familiar trap

The outcome is that since the second oil shock of 1979 this energy rich country bas suffered weak demaod, low lovestment and, if hidden unemployment is included, probably the worst uncemployment rate in the OECD area. And the Government is caught in a familiar trap whereby recession is pushing up the public sector deficit faster than ministers can pull it down by chopping expenditure pro-grammes, because of the impact of reduced activity on tax revenues, unemployment benefit

Britain'a predicament is less extreme because the structure of public spending has been less beavily skewed towards social revenues have not been dissi-pated in consumption. Yet a policy of accumulating capital, through encouraging a private sector portfolio outflow, bas not prevented excessive exchange

lost their jobs in traditional sectors and who were uoable to find new jobs in the more capital-intensive energy-related sectors to enjoy either high social sectority benefits or new public sector jobs. OECD now Troop numbers in the D-mark. Troop numbers in traditional excessive exchange rate appreciation and excessive wide appreciation and excessive exchange rate appreciation and excessive wide results for the results from the excessive yellow years, industry must be to be unaged to resume its growth. Tax privileges for medium and smaller enterprises, which is to be provided over the next few years, industry must be to be unaged trained appr central Europe

THE TALKS to limit the deployment of cruise and SS20 Moscow's new proposals are nuclear missiles in Europe which are oow taking place in Geneva between the U.S. and USSR have received so much sort. The proposals are for reductions in the Proposals are offered as an attempt to cut through this proposals are offered as an attempt to cut through this proposals are offered as an attempt to cut through the proposals are offered as an attempt to cut through this proposals. publicity that other arms control negoliations, of possible equal importance, are being

No one could pretend that the Vienna talks to reduce conventional forces in Europe have the 900,000. political urgency of the inter-mediate nuclear force (INF) negotiations in Geneva. There, the question of the deployment of a new generation of U.S. missiles depends on whether or not agreement is reached in the next ten months or less.

Yet the Vienna talks on Mutual and Balanced Force Reductions—dubbed MBFR are unique in the arms control field in that they embrace 19 countries-12 from Nato and seven from the Warsaw Pactand are concerned entirely with non-nuclear or conventional

Soviet proposals

The talks are in their tenth year and tast week, matching a weslern draft treaty sub-mitted eight months ago, the Soviet Union tabled proposals which. Moscow claims, could at tast break the deadtock. An agreement to reduce and stabilise the numbers of troops deployed by the rival alliances In central Europe would obviously be a prize worth having. But is there hard evidence to suggest that this is now possible?
Or is it more likely, as some

western officials are already suggesting, that the deadlock is as fast as ever, with the Soviet Union simply seeking to appear, across the broad spectrum of arms control negotiations, as the power most interested in peace? The MBFR negotiations are

among the most complex of any arms talks yet held. One cen-tral problem divides the two alliances and on this there is

slill no movement. Both sides want to reduce the numbers of troops in central Europe. They even agree on The Warsaw Pact maintains that there is rough oaritt, while the west insists that Moscow and its allies bave 150-200,000 more arms control.

reductions in the next year of 13,000 U.S. troops and 20,000 Soviet troops, after which the size of the two forces should be frozen pending negotiations

The West will rightly reject this as codifying the imbalance between the two alliances. The Nalo countries will no doubt repeat their contention that there must be agreement on the "data" before reductions can be negotiated. The West's own draft treaty, tabled last July, had such a startiog point, though it also moved some way to meet Russian concerns,

Positive aspect

However, if the propects of an MBFR agreement remain an MBFR agreement remain very shin, the Russlan proposal has one potentially positive aspect. The West has always emphasised and the Reagan Administration has reiterated with great vigour — the critical importance of verification procedures in all arms control agreements. In the MBFR context proper processes would make it impossible for one side or the other to withdraw troops. or the other to withdraw troops, as the Soviets dtd from East Germany in 1979, only to increase them later.

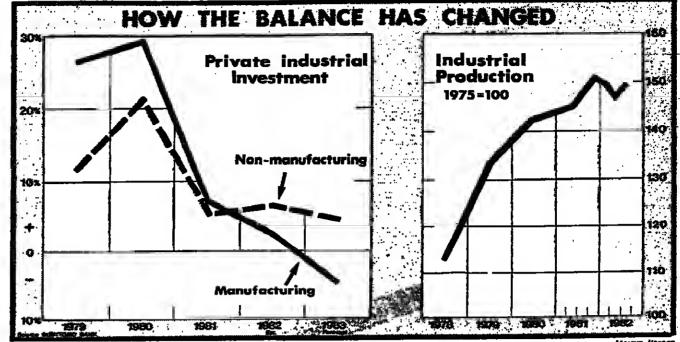
There are the glimmerings of a possible change on verification in the Soviet proposals with their suggestions of border inspection points during the ioitlal withdrawals and unspecified verification for the looger term reductions. These ideas are mirrored in similar if equally vague suggestions which Moscow recently has made in other arms control forums, notably those involving chemical weapons and the banning of

nuclear lests. For the time being, these concessions are apparent, not real. Overall, it is difficult to avoid the conclusion that Russia's MBFR proposals—like those it has made at the INF talks in Geneva-are slill primarily dethe ultimate numbers each stened to play to the gallery of should have—700.000 ground forces, and 200.000 air forces, however faint they are, the But they have so far completely signs of greater Soviet readifailed to agree on how many failed to agree on how many ness to be flexible on the crucial troops each side now has as the starting point for reductions. be explored as vigorously as

ECONOMIC GROWTH

Japan agonises about the future

By Charles Smith, Far East Editor, in Tokyo



One obvious cause for con-cern bas been the fact that GNP performance — although not negligible — bas been diverging sharply from the Gov-ernment blueprint for at least the past 1g months. A second worry stems from the fact that that is not too harsh a word for it) starts out from the seemingly negative position that Japan cannot afford to give industry the tax breaks that would be needed to get it back on the proof given the evictores. tion for high productivity and on the road, given the existence imaginative management, appears for the time being to of an accumulated public sector deficit that now equals rather more than one third of GNP.

> simply is not any available cash to make the economy grow has some obvious boles in it, one being that, while the Government Itself is clearly strapped for cash, Japan's national savings ratio is still among the highest in the world. Because of this rather obvious deficiency, the ingenious bureaucrats at the Ministry of Finance (MOF) have come with another line of reasonlog. An MOF study group, which began work last autumn with a view to making a final report in the early summer, is investigating the thesis that Industry may have ceased to be the. "leading edge" of the economy and could thus not be the right sector to focus on, in any future discussions macroeconomic policy.

the key to the nation's strength. The view that Japanese inIt is argued that, if full or dustry may not be able to grow sector which has shown negative reasonably full employment is so fast in future as it bas done growth combined with beavy ever, meant that Japan was be-

WHERE JOBS HAVE COME FROM

The argument that there in the past stems not only from

Planning Agency, among other places) starts out from the assumption that industry holds

JAPAN'S new prime minister

Mr Yasuhiro Nakasone, has

made a reputation for himself

as a man who positively en-

joys grasping the nettles from

which his predecessor Mr

Zenko Suzuki shrank during

sorted ont Japan's relations

with South Korea, introduced

the most comprehensive trade liberalisation package

to be brought in by any

Jananese Government since

of trade tensions between

Since taking over last

two years in office.

Net increase in employment in Japanese industry from same month of previous year

1982	Manufacturing '000	* Services	Tetal*
May	— 20	+360	+810
June	- 40	+320	+450
July	-190	+540	+290
August	-120	+550	+380
September	+ 70	+400	+500
October	+140	+540	+739
• Total includ	es other sectors.	•	

tha depressing industrial pro-duction statistics of the past few months but also from what appears to be fairly serious structural problems within in-dustry itself. Japanese industry divides neatly into a highly com-petitive fast-growing "process-ing" sector—whose orientation towards overseas markets has become increasingly marked in the past few years and a deficit-

The nettle Nakasone has yet to grasp

Japan and the West and con-

vinced a sceptical President

Reagan that Japan means

business on the subject of

defence. One nettle that Mr

Nakasone has yet to grasp,

however, is the peculiarly un-comfortable one of what attitude to take np towards

Mr Nakasone inherited an economy that was growing at

less than 3 per cent per year

and also took on a mass of

apparently unachievable com-

mitments — such as Mr Suzuki's pledge to bring

Japan's massive budget deficit

and which now badly needs to be cut even further.

The decline of the materials industries and the rapid progress of the processing industries towards world supremacy in the late 1970s gave Japan its much saunted position as the much vaunted position as the industrial nation experiencing the world's fastest transition away from "basic" industries towards highly sophisticated and high value added manufacturing

under control by 1984 without

any increase in faxation. That pledge has been dis-

avowed and a nuance of doubt

now exists about whether Japan can continue in-

definitely with a tax burden

several percentage points lighter than that of any other

major industrial nation. But

yealed whether be agrees with the growing number of Japanese businessmen who think that Japan has no alter-

native hut to accept a signifi-

cantly lower growth rate in the 1980s than it achieved in the 1970s.

coming ever more vulnerable to a backlash by Western nations against Its supremacy in a few advanced industrial sectors. It would seem to be the view of MOF that a backlash has now occurred. The significant decline in 1982 production figures for a wide range of industries stretching from cars and machine tools to audio and television amply bears out the view that some — though certainly not all — of Japan's former bigh-flying industries have been effectively grounded.

But the MOF analysis of what bas been bappening to the atruc-ture of Japanese industry during the past two years does not end onthis rather depressing note. It continues with the uplifting message that Japan is on the verge of experiencing a new "post-industrial era" in which service industries, rather than manufacturing will be the sector to watch.

The evidence cited hy finance



bureaucrats for the new-found importance of the service sector is neither as comprehensive nor (in some cases) as new as might be expected from a major eco-nomic ministry attempting to present a case to its peers on



tered with trade associations and therefore exist outside the area of Japan's economy that can be effectively monitored by the hureaucrats. Japan'a largest industry—leasing—recorded a turnover of Y3,000bn (£8.33bn) in 1982 and a growth rate of more than 20 per cent from the previous year's level. This, how-ever, was only a tenth of the value of sales by the steel industry, for many years the largest industry in Japan—but in the recent past one of the most recession-bound sectors of

the need for a change in eco-nomic policy priorities.

MOF bureaucrats start by citing the fact that Japan's tertiary (or service) sector

taken as a whole increased its share of total employment from 35 per cent in 1965 to just under

55 per cent in 1980 while in national income terms the sector moved from 35 to 54 per cent. MOF has no figures for the significance of the tertiary

the significance of the tertiary sector later than in 1980 hut it has taken pains to collect a variety of evidence suggesting that demand for the output of Japan's service industries may have boomed (while industry was stagnaling) during 1982. One of the more striking pointers in this direction is the fact that, our of a net increase in industrial employment of

in industrial employment of 730,000 jobs in the 12 months ending last October no fewer than 540,000 were in services while only 140,000 were in manufacturing industries.

MOF points to the emergence

of an unprecedented gap between the expansion of the

Bank of Japan's note circulation normally taken as the best indi-

cation of how consumer spend ing is rising and the far slower

rate of lucrease in department

stores sales, as another piece of evidence that demand for services took off sharply in 1982.

One problem about services,

says MOF, is that the myriads of small Japanese companies in-voived in activities ranging from computer software houses to

home security services or leasing are unlikely to be regis-

most recession-bound sectors of the nation's economy.

If the Ministry of Finance is right in claiming that Japan's service economy took off last year while its manufacturing industries continued to stagnate, two intriguing conclusions would seem to follow. One is that Japan's industrial production index no longer constitutes the infallible guide to how the economy as a whole is doing that MITI bureaucrats (and many other independent (and many other independent observers) bave taken it to he in the past. The other is that Keynesianism — in the sense of pumping government money into the manufacturing sector in order to create employment and demand — may have ceased to be the right means of stimulating Japanese growth.

MOF bureaucrats appear to

announcing the death of Keynes (in spite of the fact that the Ministry's nine-month pro-gramme of study into structural changes in the economy is still only half completed). will come after him.

Men & Matters

Burdus returns

MITTI and

the EPA would

naturally also like to see cuts in Japan's current fairly high real

interest rates, while conceding that any move towards cheaper money would have to take account of a possible impact on the yen exchange rate.

The anti-growth school (if

Anyone who wants to be successful should work for an expanding company, Ano Burdus once said. And she proved it during the 1970s. joinlog advertising agency McCann-Erickson as research director and winding up within the decade as chairman.

Burdus beaded the Advertis-ing Association, became the industry's most acceptable pub-lle voice, and in 1979 was named Businesswoman of the Year. For the past couple of years she bas been director of

strategic planning and research for the McCann parent, Interpublic, in the U.S.

Now she is returning to London to join AGB Research. Europe'a biggest market research group as deputy chair-man of its main operating subsidiary, Audits of Great Britain. and as a director of AGB Inter-

national.
The atmosphere at AGB should be to ber liking. The group bas expanded rapidly in recent years, financing a series of acquisitions with three rights issues between 1978-81.



"Good morning-I'm a candi-

The group — which among other things measures TV audiences in Britain—has broken into the U.S. market by paying 59m for one of the largest and longest - established American research companies, National Family Opinion.

Burdus, with her backgrouod, says chairman Bernard Audley, will bring a "fresh perspective" to the further overseas push for which AGB has just raised another £14.5m.

Horse sense

In the 16-horse Bermondsey by-election race (polling tomorrow) John O'Grady the Real Ber-mondsey Labour candidate has brought a little colour to the streets of that drab constituency in London's dockland.

He is conducting his campaign from a dray drawn by two fine Shire borses.

The gimmick was dreamed up y a real Bermondsey born-andhred entrepreneur, Charles Robson, whose father started a haulage business in 1902.
Robson now bas a fleet of some
40 dlesel trucks but, partly out
of sentiment, still has 20 working borses used for local jobs, parades, and special events. Perhaps typifying the spirit of Bermondsey man be tells me "I've always kept my nose out

of politics. So why did he lend his Shires and drays? "I want to

bave refused Could it be they felt the horse and cart image not exactly right for aspiring Parliamen. The virtues of the Society are that it is

Scottish seal

the bank vaults in the City to village shops threatened with check an item in the archives
—and emerged with 2.25 kilos of finely engraved solid sliver.

It was the last of Queen Victoria's seals used by the Scottish Exchequer in 1856 and which. according to the records, was sent to Home Secretary Sir George Lewis in 1860 to be defaced or disposed of.

How it ended up in a locked box in Williama & Glyn's remains a mystery, though one theory suggests it may have been transferred there with other archives from Child's Bank.

Engraved by Benjamin
Wyon, the seal depicts Victoria in coronation robes in coronation robes his classmates, Father Dominic, the head of Ampleforth College, ordered the boy to write an essay on unilateral disarmatised background represents the chequered cloth (hence "exchequer" that was used in mediaeval times as a form of the school's library and mug up mediaeval times as a form of ahacus for working ont the royal aecounts).

Williams & Glyn's chairman Sir George Kenyon bas now handed the seal over to George land, who in turn has passed it to the Museum of Scottish Antiquities in Edinburgh.

Fringe benefits If you bave not heard of the

Ecology Building Society that keep that man Tatchell (Labour is hardly surprising. The candidate) out . . " organisation is nothing if not with that aimple objective in self-effacing. It is not recognised mind Robson has also offered by the Building Societies Assoto equip several of the other ciation, is not allowed to to equip several of the other ciation, is not allowed to said the Englishman. "She'e candidates with horse-drawn advertise and has a £400,000 only got one apple but she's transport. All except O'Grady portfolio of the sort of assets giving it to him to eat." vbicb more conventional socie-

The virtues of the Ecology Society are that it is young, virile, and growing. That is because its policy is refreshingly different. It is lending where yet they think they are in conventional High Street socie-paradise." Williams & Glyn's librarian beaten-up inner city properties.
Thelma Palmer went down into undeveloped smallholdings, and

Launched by ten enthusiasts. mostly Yorkshire people, in March 1981, the society bas its headquarters at Crosshills, an Airedale village. So far the society has attracted 470 subscribing

attracted 470 subscribing members and has lent to 28 or so borrowers. David Pedley, chief executive says "We hope to be breaking even in the near future" and is cheorfully un-deterred by the lack of profits eo far.

Disarming

the school's library and mug up the subject from the last few

The essay, just handed in includes the following sent-ences: "Lately General Synod rejected unflateral disarmam and he gave support to the nuclear deterrent. In my opinion be is just asking for

First thoughts An Englishman, a Frenchman

and a Russian were studying a picture of Adam and Eve in the Garden of Eden. "They are obviously English,"

"No no," sald the French-man, "Naked and eating fruit

together, they must be French."
"They are Russian," said the Russian firmly. "They have no clothes, hardly anything to eat,

Ubserver



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LABOUR AT BERMONDSEY

How not to win an election

By Margaret van Hattem, Political Correspondent

MR PETER TATCHELL may yet bold Bermondsey for Labour in tomorrow's hy-election. If be does, he will surprise none more than his own party which seems to have more or less conceded defeat three days before the polls open.

Barely a week ago it seemed impossible that even the much vilified Mr Tatchell could lose. water at Westminster are per-suading themselves that Bermondsey is a London phenomenon unrelated to the rest of the country and consoling themselves with the hope that defeat may frighten the party into unity.

The turning point was undoubtedly last week's NOP poll published in the Daily Mall which put the Liberal candidate Mr Simon Hughes a surprisingly close second to Mr Tatchell. From the Liberal point of view, the poll could not have come at a better time. It ensured that Liberal/Alliance supporters would flood the constituency in a last minute wave of confident enthusiasm, which might have been hard to sus-tain for more than a week.

But the real question in this by-election is not why the Liberals are benefiting from Labour's confusion, but rather how Labour has come to the brink of losing one of its safest

If defeated Mr Tatchell will no doubt blame the media, and many will think this justified. Labour claims that there has been a concerted bate campaign in the Tory Press have been borne out daily by much of the election coverage, such as the extraordinary prominence given by the Daily Mail last Monday to allegations that Mr Tatchell was being controlled by the Militant Tendency. So virulent has been the anti-Tatchell reporting that some journalists have expressed disquiet at the by-election coverage in their own newspapers.

But the Left is apt to over-estimate the power of the Press and even Labour MPs are among the first to suggest that in Ber-mondsey the party could have been running a demonstration of how not to fight an election.

To begin with there was the selection of Mr Tatchell. Young, radical and idealistic, he might



Mr Peter Tatchell at a public meeting en Monday evening

class council tenants who constitute Labour's power base in Bermondsey be was immediately suspect. While they might in time have overlooked his leftwing views, many could never have overlooked his support for the Gay Rights campaign and bis refusal, when he was living in Australia, to fight in Vietnam in the 1960s. In denouncing him from the

floor of the Commons a year ago, the Labour leader, Mr Michael Foot, made him a national figure overnight. The ensuing struggle over his endorsement between the Bermondsey party and the National Executive guaranteed that the by-election campaign would be dominated by the one issue on which Labour was most vulnerabte — the personality of Mr Tatchell.

The NEC drove the point

home by arranging to hold their crucial meeting with the Mili-tant editorial board who are expected to be expelled from the party on the eve of polling have done perfectly well in a day. And while members of general election in a less safe the National Executive and seat. But to the elderly working shadow Cabinet have dutifully

appeared at morning Press conferences and evening rallies there has been a lack of con-

behind their performances. Even the Labour far Left have let Mr Tatchell down. The public row over proposals by left wingers on the Greater London Council to subsidise the Troops Out Movement to the Troops Out Movement to the time of £50,000 in contravention of party policy was efficiently orchestrated by the Social Democrats. But Labour's timing of a GLC committee meeting to discuss the proposals two days before polling day could days before polling days befor hardly have been more dam-aging. That the proposal was later withdrawn came too late

which Labour was most vulnerable — the personality of Mr Tatchell.

The continuing strain between the Bermondsey party and the National Executive erupted at farcical row over the campaign in a the busing estates where result will be a bad result for Labour. The party looks set for a prolonged period of recrimination which is unlikely to affect the sim of the housing estates where result will be a bad result for Labour. The party looks set for a prolonged period of recrimination which is unlikely to affect the long and row of the housing estates where result will be a bad result for Labour. The party looks set for a prolonged period of Tatchell there seem to be ance. He was, after all, the first thousands who have not met to say openly that be would be him and wbo say they would an unsuitable candidate. But not vote for him at any price. the fact that Labour could even Labour canvassers in Bermond-come close to losing one of its sey last weekend were appalled by the vehemence of the anti-Tatchell sentiment in estates which have always been solid

Given the high number of

THE EXTENT to which, and the manner in which, oil prices bave affected output and employment in the industrial countries over the past decade is not generally appreciated: as a consequence, the present downward pressure on real and nominal oil prices is probably underestimated.

underestimated.

The chart shows the behaviour of real oil prices (i.e. the purchasing power of oil in terms of manufactured goods, in doilars) since the early 1960s. The massive rises in 1973-74 and again in 1979-80 stand out, as a result of which by 1981, the real purchasing power of oil in terms of manufactured goods was some 7½ times what it had been in 1963. Real non-oil primary product prices (again in terms of manufactures), which bad shown a slight downward trend in the previous decade, also elderly voters, the cold weather, the hostility to Labour weather, the hostility to Labour among people who bave never voted for any other party and the habitual apathy of the Bermondsey electorate, the turnout tomorrow could be well below 50 per cent. So the final result may be very close indeed with much depending on the relative efficiency of Labour and Liberals in ferrying their supporters to the polls. shown a slight downward trend in the previous decade, also rose strongly in 1972 as a result of a strong but short-lived boom in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries in the previous decade, also rose strongly in 1972 as a result of a strong but short-lived boom in the industrial countries; but with a sharp check to economic activity and growth in the previous decade, also rose strongly in 1972 as a result of a strong but short-lived boom in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and growth in the industrial countries; but with a sharp check to economic activity and their supporters to the polls. industrial countries in the mid-1970s, real non-oil primary pro-duct prices began to fall, so that by 1982, they were some 40 per cent below their 1974 peak, and 25 per cent below even their early 1960s level. Evidently, non-oil primary pro-ducing countries bave been a his 14 years as leader of the Southwark Council have given him a firm grip on the dock-lands wards. He also has substantial following among some of the older residents who major victim of the rise in oil price and slowdown in economic activity in the 1970s.

or the older residents woo remember what Bermondsey was like before the tower blocks were built and think that Mr O'Grady and Mr Mellish did not As a result of these price movements, the terms of trade of manufacturing industry In terms of a weighted average of Mr O'Grady bas run a rough and abusive campaign. But it bas also been a tired campaign oil and non-oil primary product prices initially worsened by 50 per cent in the two years 1972-74. Such a worsening imand has run out of steam. The main Labour fear at this stage is that his support may collapse plied a fall in the net value added and ctaimable by labour and capital employed in manuinto a Liberal vote sufficient to facturing industry: it therefore required some downward adjustment in the real wage in terms of manufacturing output and/or compensating rise in productivity, neither of which ideal for the seat. As a Liberal be will be doing well to win and amazingly well to hold the seat in a General Election. bappened sufficiently. As a result, the initial burden of vorsening terms of trade was rose. Naturally, the squeeze on manufacturing profits would have been even greater if non-oil primary producers had not borne in the form of worsening terms of trade much of the burden of the steep rise in the

real price of oil. Accelerating inflation in the safest seats at a time when there are more than 3m un-employed says something about facturing industry's terms of trade: by 1978 they had almost returned to their pre-1974 level. oil prices could probably be However, the sharp falt in the pulled down by an acceleration real price of oil in 1978 was of inflation in the industrial the Labour Party for which Mr Foot rightly or wrongly, is held

Purchasing Power of Primary Products in terms of Manufactures Non Oil Qil

THE WORLD ECONOMY

Why oil prices must fall more

By Geoffrey Maynard

reversed in 1979-80 when the countries as had happened in nominal price of oil more than 1975-78; but inflation in most doubled. In part, this was countries was already at a high induced by faster inflation and level following the 1973/74 hike a pick-up in OECD activity in in oil prices: moreover, it was 1977-78 which increased the not at all certain that a policy demand for oil; but perhaps of permitting faster inflation more important was fear of would not lead at some stage further unrest and strife in the to yet a third substantial rise middle East associated with the in the nominal price of oil. In usurping of the Shah of Iran; massive stockpiling of oil was provoked. The consequence for the rest of the world was severe. The worsening in manu-facturing industry's terms of trade by something like 40 per cent, reversing the improvement which had taken place between worsening terms of trade was largely borne by profits which were greatly squeezed. The rate of profit on capital feli sharply in many countries, while the share of wages in manufacturing industry rose. Not surprisingly, unemployment in industrial countries, real wages in terms of trade by something like 40 per cent, reversing the improvement which had taken place between downward pressure on profits. Again, despite rapidly rising unemployment in the industrial countries, real wages in terms downward pressure on profits.

Again, despite rapidly rising unemployment in the industrial countries, real wages in terms of manufacturing ootput remained slow to respond. Once again, non-oil primary prodocers bore much of the burden in the form of a worsening in their terms of trade, as world economic activity turned

Accelerating innation in the factorial countries after 1974 oil presented the governments The 1979 rise in the price of led to improvement in manu-facturing industry's terms of the industrial countries with

the event, most governments chose to fight inflation through tighter monetary policies. The shift in monetary policy in the U.S. was particularly marked, and resulted in a strong appre-ciation of the U.S. dollar. Thus, in the case of Europe and Japan, the rise in the price of oil was exacerbated.

Opec determination to keep up the nominal price of oil, and industrial countries' determination to bring down inflation have combined to slow down the necessary and inevitable adjusttry will remain depressed and system. investment consequently low. It is difficult to estimate in any precise way how much the price of oil should fall, but at a mini-

mum we probably need to see the terms of trade of manufac-turing industry return to the level ruling in the mid 1970s. Given that some recovery of terms of trade is necessary, a return to real oil prices of five years ago also seems necessary, implying a fall of around 35 to 40 per cent. How can this be brought about?

brought about?

Inflation in the U.S. is unlikely to exceed 5 per cent in 1983, so that a fall in the nominal price of oil is inescapable. Indeed, to return to 1975-1977 real oil prices allowing for some inflation in the U.S. in 1983, requires that the nominal price of oil should fall by at least one third. A \$24 a barrel price of oil would therefore be very welcome to the rest of tha world. European countries might also benefit further by appreciation of their currencies against the dollar.

A \$24 price would still leave

A \$24 price would still leave the price of oil in terms of manufactured goods at least four times higher than it was in 1963. Moreover the terms of trade of manufacturing indus-try would still be about 15 to 20 per cent worse than at the end of the 1960s, so if profits are to recover to earlier levels, own recover to earlier levels, own product real wages in industrial countries will still have to show some fall as compared with then (or productivity rise), if employment is to recover.

While the need for a substantial fall in the nominal price of oil is probably accepted by many major oll producers, there is fear that any move on their part to countenaoce such a fall will lead to a precipitate decline in prices to levels which would bankrupt the new higher cost oil producers, and would cost oil producers, and would be unsustainable in the long run. There is further fear that such a move would create a major crisis for tha world'a banking system which has large outstanding loans to high cost producers like Mexico and Nigeria. Unfortunalely, there is no easy way out for the world economy. The retative prices of oil and non-oil commodities, and the rela-tive returns to labour and capital have become so distorted that necessary corrections are bound to impose high short-term costs at various parts of the economy. In the short run, the international financial system will come ander increas-ing strain. Even so, it must be necessary and inevitable adjustment to the real price of oil; in this sense there has been a short-run trade-off between inflation and unemployment in world economy. Thus, in so fation and unemployment in the industrial countries. But it is evident that some correction to the real price of oil is urgently necessary. Without it, profits of manufacturing industry will remain depressed and

Letters to the Editor

Parliament proposes and the Revenue disposes

From Mr J. Emmerson
Sir.—The letters from Mr H.
Wiggin (February 2 and 18)
deal with one particular
instance where the Revenue

ately, instead of committing

This development is a serious many instance themselves in writing. Some one for two main reasons which latter is the cas also feel that they can no longer rely on verbal assurances given by the Revenue in as to the reasonableness or Piccadilly, WI.

up every issue since. On February 18, however, Mr Young records the difficulties be found when trying to impose scrutiny on his own authority.

seven deputies are paid over 230,000 per annum each. The annual budget is slightly less than £1.5bm, of which £752.2m is central government's rate

evidence that the power given by access to unlimited public

points, the suggestion that one of them should be treated as a "test case" is frequently rejected. Even cases which have already been litigated, in some instances as far as the House of Lords, are apparently hear hears accepted by the not being accepted by the Revenue as decisive of other cases on facts which are almost identical in every material

the way that they could in the otherwise of the decision in Leedate v Lewis. Firstly, the constitutional evidence that the power given arising from a branch of the executive apparently no longer subject in practice to the normal Parliamentary and judicial controls and secondly, and perhaps more serious, the resulting breakdown in the relationship of confidence between the Revenue and taxpayers or their professional advisers on which the effective operation of our tax syslem ultimately depends.

What many pracultioners feel anxious about is whether the activities of the Revenue in this respect represent deliberate policy decisions, taken at a responsible level, or reflect the personal prejudices and atti-tudea of relatively junior staff. The impression given, in all too many instances, is that the latter is the case. J. C. Emmerson

3. Albany Courtyord,

But what of the borrowers?

do such a bad job after all.

From Mr E. Henbrey
Sir,—It has been reported
(February 15) that the Financial Secretary to Her Majesty's Treasury recently told a City audience that consideration of the index-linked taxation of interest is now high on the Gov-ernment's list of priorities. What a lovely thought for lenders! But what of the borrowers? The debate on the tax treatment of deep discounted stock demonstrates the Government. ment's predilection for sym-metry, How will corporate treasurers, mortgage borrowers, et al, face up to the limitation of deductibility of Interest 10 the real interest element in their total interest outgoing?

Inflexible regional industrial policy

E. J. Henbrey

From the Chairmon, Association of District Councils
Sir, — It was an interesting colocidence that the article by Hubert Scholes (February 9) questioning the present regional aid system should appear oo the same day that you reported our new policy paper about the economic and social problems of urban areas. Our view bas long been that UK regional industrial policy is too inflexible and bas failed to keep up with the rapidly changing employment situation which has created severe imemployment blackspots" in a number of areas outside the assisted

Hubert Scholes rightly casts doubt on the fairness and effec-tiveness of the "blanket" regional approach and calls for help and support to small busi-nesses to be given at local com-munity level where the needs

and problems are.

District councils are already responding to local needs and responding to local needs and opportunities with many new initiatives which are flexible, innovative and imaginalive. They are working with local community and business interesis to encourage small firms to start up and grow, and there are already about 85 local are already about 55 local enterprise agencies with some 60 more in the pipeline. Surch loitiatives by local communi-ties responding sensitively to diverse local needs deserve support and are more likely to succeed that indiscriminale regional aid.
(Councillor) 13n S. McCallum.
Association of District Councils.
9, Buckinghem Gole, SW1.

Conventional credit cards can turn a regular business trip into a flight of fancy. But not The Air Travel Card. It's good for one thing: air travel and related expenses. So if business and pleasure should mix, this card will keep the record straight. That's control.

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may be regarded by many as funds is being used in a manner having acted improperly. It is which many would regard as but one example, however, of the attitude increasingly threat of costly litigation is adopted by cartain sections of used to avoid any discussion of the Revenue that they are a law the merits and where a large nato themselves and entitled, number of different cases all by executive action, to frustrate the intentions of both Parliament and the courts if those of them should be treated as a financial than the courts of these should be treated as a financial than the courts of these should be treated as a financial than the courts of them should be treated as a financial than the courts of them should be treated as a financial than the courts of themselves and the courts of the court intentions do not meet with Revenue approval.

I know that many members of the legal and accountancy professions have experienced in recent years the tendency for the Revenue to deal with any contentious matters by telephone, sometimes rather aggressively and not always accur-ately, instead of committing

Public scrutiny of local authorities From Mr K, Holland Sir,—On February 4 you kindly published a letter of mine on the subject of public scrutiny of local authorities. Because of the vagaries of cellwries of English newspapers to this remote locality I have not been able to follow the corrections of the sense. On

I fear that, no matter bow well-intentioned locally elected councillars and paid executives may be, the two-tier system has in-built empire-building potential.

I would prompt any rate-payers to persist in their inquiries. Local authorities are required to publish annual abstracts of their accounts and Whether the Scottish authorities are more co-operative or my approach was more probing I have been able to obtain considerable detail on comparaanyone is entitled to see these and ask questions about them. and ask questions about them.

Local authorities are public anthorities, their stuffa are public servants and they exist on public moneys. They should not be allowed to forget this.

K. H. Holland.

Sea Whins,
Fort Argyll Road, Strathelyde Regional Council's chief executive has a salary of over £35,000 a year and his

Trench Point. Compbeltown. Arguit.

Putting a price

support grant.

H.M. Customs and Excise had only four people receiving annual salaries of over £30,000 a year in 1981-82 and collected revenue of just over £22bn. At the Inland Revenue, which collected £33.9bn in direct taxes, there was true over any person on on an issue From Mr A. Nelson

revenue of just over £22bn. At the Inland Revenue, which collected £33.95n in direct taxes, there was just one person on over £30.000 a year.

In other words these two government departments, both with rapidity growing revenue responsibilities, manage to control their departments with no

more than five persons at this level of pay while Strathclyde, with a much smaller budget and far smaller area of country to administer, finds it necessary in have no fewer than eight executives at this price.

Will ensure the taking up of stock issues fully and, at the same time, leave no opportunity for stags, but this does not justify criticism in respect of floation methods which are part of the machinery and th for stags, but this does not justify criticism in respect of flotation methods which are part of the machinery of the finest financial centre in the world.

The object of denationalising an industry is not merely to increase competition and con-sumer choice. It is to remove industries from the sphere of government which has enough to do to govern wisely, and which has never shown any spectacularly successful entre-preceurial ability. This removes from the taxpayer the burden of providing capital for example, and places this where it belongs, in the capital market. In short, the object is to roll back the frontiers of the state —and a very good thing, too.

Can we please ask such as Mr Davies to stop complaining on the basis that some people will make a profit on sharedesling by advancing the unrelated argument that there are "many millions who can only keep their heads above water, let alone buy shares." He knows full well that the largest investors are that the largest investors are pension funds and similar institutions io which many of those millions have a very real interest. Moreover, the suggestion that many adalysts expected a price tag for ABP of twice that adopted just does not bear oversitation.

Hedgerous, Orchord Road,



FINANCIAL TIMES

Wednesday February 23 1983

Italy

ITALY PLANS to begin building

three large nuclear power stations

The inter-ministerial Economic

Policy Committee last night designated two possible sites for a 1000 MG pressurised water reactor based on the Westinghouse design

in each of the regions of Piedmont

and Lombardy in the north and

tant boost in years both to the Ital-ian nuclear industry and to the country's hopes of cutting its heavy

Italy bas only three working nu-clear power stations accounting for

clear power stations accounting for less than 5 per cent of its electricity production last year. A fourth plant is at an early stage of construction. It was beld up for nearly a year af-

ter site preparation had begun be-cause of the objections of the local mayor and commune (district coun-

Delays because of opposition to

thorities for the chosen sites object.

The new law reflects a sharp

change in attitudes to nuclear pow-er by almost all political parties in Italy. The country depends on oil, almost all of it imported, for more

than 65 per cent of its energy needs.

The new power stations, which are expected to come on stream

from 1992 onwards, are part of the

1980 energy plan which has not yet

been implemented. It aims at a de-

cisive switch away from reliance on

The new plants are expected to

night Sig. Franco Viezzoli, chair-

the most important things the Gov-

ernment has done in recent years

made possible by a year of impor-tant and hrave decisions, by our Parliament." It would bave a major

effect on the electro-mechanical in-

The alternative site bas been

chosen on the basis of seismic data

and other factors and in the next

year and a half Enel the state elec-

tricity authority and ENEA the nu-

In the case of Piedmont and Pug-

dependence on imported oil.

within the next two years.

Puglia in the south-east.



U.S. output drop held to 1.9% in fourth quarter

By Reginald Dale, U.S. Editor, in Washington

THE U.S. economy was slightly bealthier than originally thought in the last quarter of 1982, the Commerce Department reported yester-day. It said revised figures showed real gross national product fell at an annual rate of only 1.9 per cent in the months October to December, against earlier estimates of a drop of as much as 2.5 per cent.

The contraction in the fourth quarter followed weak 0.7 per cent growth rate in the third quarter and 2.1 per cent in the second, the De-partment said. Before that the econ-omy contracted at annual rates of more than 5 per cent in two succes sive quarters.

The revised figure for the fourth quarter came as a surprise to many economists, who had feared that the move would be in the other direction - although the Administration has long been insisting that re covery is under way.

Meanwhile Mr Beryl Sprinkel,

Treasury under-secretary for monetary affairs, said it would be illadvised for the Federal Reserve Board to attempt to reverse the bulge in money supply that has oc-curred in the last few months. "Such a monetary contraction would almost certainly stall any meanineful economic recovery and could, depending on its severity and duration, nlunge the economy into a deeper recession," be told the Senate Banking Committee.

He said the money growth target ranges for 1983, announced by the Fed last week, were consistent with the Administration's goal of providing enough money growth to sup-port economic expansion without re-igniting inflationary pressures. The challenge of reinstating non-inflationary monetary policy was to hring down the long-run trend of money growth gradually enough to ensure that the restriction of economic activity was avoided, he said.

The National Association of Business Economists said that it saw the recession as eoding, but that It believed unemployment would remain bigh for some time. The asso-ciation said that its latest survey of members showed an increase in demand at 43 per cent of companies polled, but that 55 per cent had reported no change in employment

reducing payrolls. the AFL CIO, the country's largest | tropbe." trade union federation, Mr Lane Kirkland, President, said only a large-scale johs programme, start-ing as soon as possible, could end the recession. If unemployment continued at the "intolerable" rate of 9 or 10 per cent, there could be no sustained recovery this year or customers had shown their confi-

Japanese set for clash over rival disc systems

BY GUY DE JONQUIERES IN LONDON

electronics manufacturers are pre-paring for battle as they seek to for a 3-inch disc which it has devel-They include 3M of the U.S., Fuji discs designed for use with personal computers and terminals

At stake are annual sales esti-

mated at several bundred million dollars. More than 20m discs and 500,000 of the disc drive systems used to read and write data on them are expected to be sold next year. Industry experts agree that establishing a widespread technical standard for the discs will be crucial to the development of the mar-ket. But instead of uniting behind a single standard, Japanese manufacurers are preparing to enter battle with two different competing sys-

Hitachi said yesterday it had won

TWO RIVAL groups of Japanese the hacking of 16 other manufacturing their bets, however, by declardominate the world market for the new generation of compact storage tric and Hitachi Maxell. The disc can store 500,000 bytes (computer

> Its move directly challenges Sony, which announced last month that it had the backing of 12 U.S. and Japanese companies for its 3.5 inch compact disc, which can store

> Both groups clearly believe that capturing a large share of the U.S. market is crucial to their success. Sony appears to have the edge at present, having won the support of nine U.S. companies including Shugart, one of the world leaders in disc drives.

Several manufacturers are hedg-

three **PWRs** Photo of Japan and, ironically, Hita-chi itself, which is already making 3.5 inch discs for the American mar-

The position is complicated further hy IBM's recent launch of still another, 4-inch, system for use with its highly successful personal com-

The situation parallels the division in the video cassette recorder market, where Japanese manufacturers support two incompatible standards. But these standards were developed before it was clear that VCRs would sell in huge numbers, while the popularity of compact discs appears a foregone con-

Ghana agrees to IMF-backed four-year recovery programme

BY MICHAEL HOLMAN IN LONDON

gramme supported by the International Monetary Fund (IMF), Dr Kwesi Botchway, Financial Secre-tary, said in London this week. The programme includes a mid-

Dr Botchway made his announcement on his way back to Accra after

talks in Washington with the IMF and the World Bank. The amount under discussion is believed to exceed Special Drawing

Rights (SDRs) 200m under a one year standby, plus a further SDR 100m under the compensatory fi-Negotiations have been protracted and difficult and a major prob-

lem has been the grossly overvalued Ghanaian cedi, with an official rate of C5-£1 but exchanged at 15 to 20 times that on the black market. Ghana is new expected to intro-duce a multiple exchange rate in-duction of cocoa, Gbana's largest

GHANA has reached agreement in volving a de facto devaluation of the principle on a major recovery pro- cedi. Details may be announced in next month's budget, and this will be followed by a further visit from on IMF team before agreement is formally concluded.

Dr Botchway, the equivalent of year donors' conference, chaired by the World Bank. Finance Minister in Flight Lieutenant Jerry Rawlings' Government, said his Washington talks had in-World Bank,

"We have reached agreement in principle for substantial short-term funding in agriculture and transport, as well as for export rehabili-tation projects," he said. The talks with the IMF and the

Bank were based on Ghana's reconstruction programme published in December, and the 48-page document will form the hasis of the donors' meeting in Paris.

News of the proposed recovery programme comes in the middle of

the new nuclear power stations are likely to be limited in future. Last foreign exchange earner, is forecast at 190,000 tons in the 1983-83 seamonth the Government armed itson, the lowest post-war level and a third of peak production in 1964-65. go ahead with construction within 18 to 22 months even if the local au-The steady decline has been

caused by an overvalued currency, which has led to smuggling, transport problems, ageing trees, and an acute shortage of labour due to the migration of young Ghanalans to other West African countries.

Many of these migrants are now back in Ghana following Nigeria's expulsion last month of between 1m and 2m allens Ghana's four-year recovery

gramme includes what it calls "restructuring of basic institutions," including external trade, banking and All imports and exports will be

brought under a state monopoly and state holdings in banks and inbe huilt mainly by companies in the state owned Ansaldo Group, Last surance companies will rise from 40 to 80 per cent. man of Ansaldo's parent company Finmeccanica said: "This is one of

International capital markets,

Rumasa denies solvency threat

BY DAVID WHITE IN MADRID

ing and holding group, fought back prospects and 32 per cent were still last night against what he hinted was a plot to sow panic among de-At the annual winter meeting of positors and "provoke a catas-

At a packed press conference attended by a large number of Rumasa employees, be denied firmly that the group's solvency was in any way threatened.

He claimed that the "immense dence in Rumasa and that with-

man of Rumasa, the Spanish bank- days since the latest controversy rently stand at around Pta 617bn broke out were "without significance in hanking terms."

> He estimated that since Sr Miguel Boyer, the Economy and Fi over the conditions under which its tailed choice of the site from the altnance Minister, issued his surprising threat on Friday to send in report. Bank of Spain inspectors if Rumasa broke off its auditing agreement, a total of "Pta 1hn odd" (\$8m), was thought to have been withdrawn from the group's 1,200 bank

Customers' deposits in the 16

SR Jose Maria Ruiz-Mateos, chair drawals over the three working banks controlled by Rumasa cur-

Rumasa officials made clear, however, that the group was still at loggerheads with the Government clear authority, will make the deauditors, Arthur Andersen, should ematives.

A meeting on Monday night be-tween Sr Ruiz-Mateos and Sr. Boy-proposed the possible sites, which er, failed to produce agreement. Rumass said that the point of discord bas shown itself less enthusiastic was about whether the company should participate when the auditors reported to the Bank of Spain.

while the commune of the places involved have in some cases put up

strong opposition.

THE FRENCH Government is

Richier, which has a turnover of about FFr 400m a year, is to be tak-en over by M Gilles Poncin, whose

dennes Equipment, manufactures items such as buckets and shovels used with bydraulic machinery. It They also point to the weak earnings of Klöckner's Maxhutte subsidence of Klöckner's Maxhutte subsidence of Klöckner to money M Poncia himself is injecting into Richier, or what role state banks are playing in putting up part of the FFr 90m cash.

it had broken even last year after

The restructuring plan, worked out with the French Government's interministerial committee which helps companies in difficulties, will involve the loss of about 60 jobs

Slavenburg's director

In yesterday's report on Slaven burg's bank, it was stated that M Jacques Naville had just been ap-pointed a director of the bank by the majority holder, Credit Lyonnais of France. In fact, M Naville has been a director of Slavenburg's

THE LEX COLUMN Bullion in the decides to build firing line

vacillation, international markets were galvanised into action when the U.S. returned to work yesterday from the long weekend. Wall Street bas traditionally been readier to ac-cept the possibility of Opec collaps-ing. So as the Gulf states met to consider their reaction to Nigeria's unilateral price cut, markets worldwide were influenced by the injec-tion of some U.S. dealers' expectation that the oil price is on its way down to its marginal cost of production - somewhere below \$20 a har-

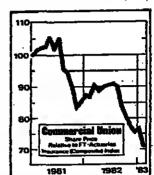
In the currency markets, the dol-lar outperformed even the yen and D-mark. Cheap oil would tend to wipe out a projected \$25bn U.S. cur-rent account deficit this year. So the consensus view of underlying weakness in the dollar has suddenly been undermined. With a reduc tion in the currency bolding risk, the attraction of holding U.S. income-producing instruments offer-ing real rates of return of up to 6 per ceot has been reinforced

As a non-yielding asset, gold saw natural reaction. The price had anyway been looking vulnerable in recent days, with narrowing price movements and thin trading vol-umes. At above \$500, bullion has been near all-time highs in terms of several currencies and demand from fabricators has dried up. Similarly, there has been no follow through after the strong purchase of Krugerrands in January, while evidence of dishoarding in local markets has emerged. As the price began to slip through the \$500 barrier, a heavy volume of stop-loss orders came into play and the price fell away to \$488 by the London close, down \$16%, with a further de-cline in New York. Gold shares and other metal prices dropped in sym-

Sterling's trade-weighted index fell hy 0.5 to 79.7, and the currency's weakness is once again emerging as the key concern in the fixed interest markets. In the money market the yield curve has flattened as expectations of a bank base rate cut bave been pushed back, while long gilt-edged stocks shed 14 points.

Commercial Union

Commercial Union's nine-month figures were bad enough, but the fi-nal quarter produced an even nastier shock. The £2.8m loss for the three months, caused by a dramatic growth in the U.S. deficit to £41.7m, est mining group has remarkably some way behind events last night.



left pre-tax profits for the year to December down at £21.5m against £39.5m. The dividend has been held, but only by dint of a £19.1m transfer from reserves.

The company justified its dividend policy yesterday on the grounds of a substantial increase in the book value of assets to a little over Clbn. Indeed, shareholders' funds as a ratio of premiums in-creased by just over a point to 58 as the company chased U.S. volume boosted investment funds, and the

rise in bond markets did the rest. In the last few months, Commercial Union has made a substantial change away from its growth strategy in the U.S. While premium income for the year was up by 8 per cent, it dropped sharply in the last quarter as rates were hardened, to bring the expense ratio down from 34.5 per cent to 30 per cent. Canada is already benefiting from a similar shake-out, while the

UK is in for a two-year slimming treatment which should be a help in an environment where commercial business is still as tough as ever.

This year, the market will be looking for a substantial reduction in Commercial Union's £271.5m underwriting losses. Even so, with inboth cash flow and interest rates weaken, profit expectations are still well down on 1981 at around £55m. That would suggest a dividend that would be barely covered, but for the moment, the shares, np 2p yester-day to 137p, are being buoyed up by a yield of almost 13 per cent.

little to show for a year blessed and a sorry-looking Australian dollar which bas boosted the value of all its U.S. dollar exports. An 11.4 per cent decline in consolidated pretex profits to AS68.9m has resulted in a net loss of A\$17.5m against a net profit in 1981 of A\$19.5m. me

owe

But RTZ, which owns 57.2 per cent of CRA, will take due note of the fact that pre-tax profits have again been depressed by a heavy slug of revalued assets depreciation, exploration expenditures and unrealised foreign exchange losses on group debt. The Australian taxman disallowed A5145.6m of these offsets - against A596.9m in 1981 -which explains why the latest year's tax charge has jumped 30 per

CRA has set out a tale of wne to accompany the reported loss, bemoaning the incidence of flosses or earnings (which) were substantially below the unacceptable levels of 1981." This refers mainly to the per cent: the strong cash flow gen- A\$51.6m loss at Australian Mining erated up to the middle of last year and Smelting, stricken by 1982's as the company chased U.S. volume disastrous lead prices.

Elsewhere, though, higher coal prices have helped Kemhla Coal and Bougainville has benefited from a \$52 jump in the average price of gold between the first and second halves. Above all, higher iron ore prices from April 1 have enabled Hamersley Iron to make a quarter as rates were hardened. 24 per cent pre-tax return on sales and there are more staff cuts to and net profits of AS54.7m - a gain come this year in the elusive chase of A\$37.5m on 1981 and enough to off-set over two thirds of the downturn at Australian Mining.

Charter/Anderson

After a long Monopolies Commission enquiry and recourse to the courts, Anderson is left to fight its corner on its record and prospects. Charter has pitched its new, all cash, terms at about the price for vestment income due to decline as which the many shorter-term holders in Anderson may be tempted to take a turn, but much now depends on how the group's longerstanding holders see its prospects In a sharp cyclical industry downturn. At 200p, the exit p/e of around 15 for 1981-83, fully taxed, cannot be interpreted as a knockout bid. but the prospective multiple may be seen in a more attractive light as the going in the U.S. market becomes rougher. At 179p, down lp

Threat to German steel restructuring

Continued from Page 1

On Monday, be repeated before a parliamentary committee that Bonn would provide no aid to the steel industry until the companies had reached agreement, if not on the letter of the moderators' plan, at least on its broad substance.

Bonn also argues that Klöckner must be brought in - otherwise the moderators' entire concept, based on relative equilibrium between the two groups, would collapse. In common with the other steel-

makers, Klöckner-Werke is thought to be losing up to DM 100 per tonne of steel or about DM 150m since the beginning of Klockner's business year in October. The company says 1981-82 was a

relatively good year, as for the other steelmakers, due to higher steel prices in the first balf, but in 1980-81 Klöckner lost DM 444m on its steel nperatinns.

above all, its wide-strip mill, Eu- for "insufficient solidarity" and is

products, such as car bodies.

at 48 per cent capacity, while the five others averaged 80 per cent,

over the break-even point. Because of Bremen's poor capaci-

take part in Community limits on By post-1980 German standards, coil production, fixed at a percentthese losses are not remarkable. these losses are not remarkable.

The chief source of Klöckner's misery is its Bremen works and, the West German producers' cluh

The other five wide-strip mills in West Germany started in the 1950s and 1960s but the Bremen plant, costing almost DM 1hn, was opened

After a year of teething troubles, it came into full operation in time for the start of the steel crisis and a parallel crisis in the shipbuilding yards it was designed to supply.

By last September it was working

in 1980-81, net interest payments for the concern as a whole, for which Bremen provides the main burden, were a full DM 308m. ty use, Klöckner refused in 1980 to

This poor capacity use, and hence mund. longer life, is the reason given by perts ascribe it also to poor earnings since 1975.

Even the moderators themselves make it palatable to Hoesch and dustry". The Ruhr's anti-Klöckner faction

programme, and that the steelworks cannot enjoy the advantages nf its coastal site because Bremerof up to 60,000 dwt.

Klöckner's immediate needs were the scramble.

Continued from Page 1

rates from rising, by making good shortages in the money market, acted yesterday to pro-

vide extra liquidity over the next

period of heavy payments. Some £750m (\$1.14bn) will be available

to the banking system to cover

the petroleum revenue tax sea-

son, in the first two weeks of

Dealers said that sterling had

not been under great selling pressure, although speculators

were likely to hang back until al-ter the Gulf oil ministers' meet-

ing had clarified their pricing

18 84

Gold down \$16 on day

rope's most modern, providing steel now contesting fines of more than coil which is the basis for flat steel DM 100m from Brussels.

neighbour – but provided Hoesel closes its wide-strip mill in Dort closes its wide-strip mill in Dort-

Klöckner for the plant's slow depre-ciation. Bankers and industry exbelieve that Dr Detley Rohwedder. Hoesch's chief executive, would tolerate a reduction of his concern for recommended that the wide-strip the sake of what is known as "the mill be drastically written down to most unloved child in the steel in-

Hoesch and Klöckner, for different reasons, are now hoping elecalso claims the wide-strip mill is too tion pressure will force Bonn to large for the rest of the Bremen open its purse, as it did with Arbed open its purse, as it did with Arbed Saarstahl.

works cannot enjoy the advantages of its coastal site because Bremerhaven can take only one freighter works. "In many ways it would be convenient if Klöckner did go into Vergleich", said one government official privately.

snap up its assets cheaply and the Ironically, it is believed that if moderators' plan would be lost in

met Bremen could supply coil to
Dortmund and the Ruhr group
could compete with its mighty

"The vultures are gathering on
their perches," was one remark
from the Ruhr this week.

But the dollar was strong all

day, and when it passed SwFr 2.0060 - its 20-day average

against the Swiss currency - there was a rush to sell Swiss

francs against the dollar. Within

half an hour, the dollar had risen by about 1 per cent on average,

gaining strongly on the D-Mark

The unwinding of some spec

lative positions on the New York Comex market was the reason

dealers gave for a drop in the London gold price of \$16.50 on

the day, to close at \$488 an

and the yen as well.

excavator company By David Marsh in Paris

Paris aid for

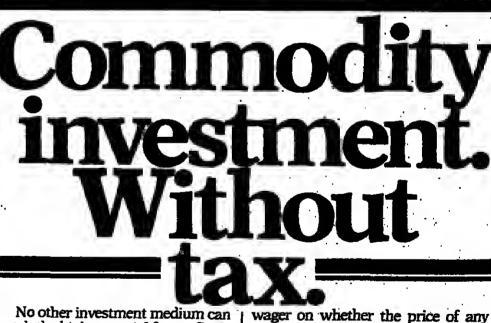
contributing the largest share of a FFr 90m (\$13.3m) rescue package which has been worked out to save from bankruptcy the Richier excavator company, France's second largest manufacturer of construction equipment.

construction equipment group has a sales of about FFr 100m. M Poncin's main company, Ar-

Richier confirmed yesterday that

"two years of difficult trading brought about by severe financial constraints." It said it is planning to increase its activities in the UK an important export market for the group - and to build up its share of sales of 360-degree rotating excava-

from Richier's 805 workforce.



match the high potential for profit, the low dealing costs and the complete flexibility offered by commodities. But for the private investor, successful speculation in commodity

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SECTION II - INTERNATIONAL COMPANIES

FINANCIALTIMES

Wednesday February 23 1983



American Motors shows lower loss in quarter

BY PAUL TAYLOR IN NEW YORK

lest of the four major U.S. car-makers, yesterday reported a sharply lower fourth-quarter net pared with a net loss of \$136.6m or sales were hit by Mexico's economic \$2.44 a share in 1931 on sales that problems and the continuing increased from \$2.6bn to \$2.9bn. strength of the dollar against the loss, aided by strong sales of the However, the car company, which

is 46.4 per cent owned by Renault of France, reported a larger loss for the full year, mainly because of weak demand and the strength of the U.S. dollar. It said it expected an improvement after continued difficulties in the first half of 1983. The net loss for the last quarter was \$2.9m or 10 cents a share, compared with a net loss of \$47.2m, or

share loss in the 1982 third quarter. Sales in the fourth quarter increased to \$857m compared with \$821m in the same 1981 quarter. To-tal worldwide sales were 88,657 un-Renault cars and Jeep vehicles for its, of which 63,15? were car sales to the quarter were both up by 13 per dealers compared with 66,865 units, cent. of which 44,401 were car sales in

BY FAY GJESTER IN OSLO

more than NKr 20hn (\$2.84hn).

NORSK HYDRO, Norway'a largest

year-end adjustments, were expect-

ed to be around NKr 770m, com-

pared with NKr 984m in 1981, Final

figures will be published in mid-

April. An unchanged 14 per cent

As in recent years, it was the

profits, although "satisfactory re-sults" were also achieved for ferti-

visions, primarily as a result of the world shipping recession, are re-sponsible for a 23 per cent drop to

£12.4m (\$19m) in the pre-tax profits

of Nordic Bank in the year to end-

Nordic Bank, a London consor-

tium bank owned by four leading

Nordic banks, is more exposed than

most commercial banks to the ship-ping industry with about a fifth of

BY WILLIAM HALL, BANKING CORRESPONDENT, IN LONDON

SHARPLY HIGHER loan loss pru- its commercial lending tied up in

lisers and industrial chemicals,

dividend is proposed.

AMERICAN MOTORS, the smal- of \$153.5m or \$2.85 a share com- and Canada while international Total sales for the year fell by 8 yen.

per cent to 286,520 units from 311,369 units, while car sales fell by 5 per cent to 195,791 from 206,741. Mr Paul Tippett, chairman and chief executive, and Mr Jose Dedeurwaerder, president and chief confidence, high interest rates and operating officer, said the compa- a sluggish economic chimate - lingny's fourth-quarter sales were "significantly improved" over both the previous quarter and the fourth quarter of 1981. This reflected

pared with a net loss of \$47.2m, or strong sales of the Renault Alli-85 cents, for the same quarter in ance, which led to a 49 per cent in-1981 and a \$30.9m or 58 cents a crease in retail sales of AMCs domestic car lines for the quarter compared with the same quarter in

· However, the two men said 1982 the 1981 quarter.

AMC reported a full-year net loss by the difficult economy in the U.S.

Mr Odd Narud, Norsk President,

Shipping recession hits Nordic Bank

The bank says that the market

vahie and earning capacity of most types of vessel fell sharply during

the year, it encountered similar problems during late the 1970s ship-

ping recession but suffered little be-

cause it was prepared to stand be-

hind its borrowers until the upturn

came. It is following a similar policy

during this recession.

AMC said: "The past year was the most difficult period in the automotive industry since the depression of the 1930s. Many of the negative factors of 1982 – lack of consumer er on in early 1983 despite recent

"Along with those factors, we expect our results for the first half of 1983 to be affected by continuing difficulties in Mexico as well as heavy launch costs for the additional 'new generation' passenger cars to be built at our assembly plant in Kenosha, Wisconsin, and the new Jeep lines to be built in Toledo, Ohio."

The company said it was "optimistic" about the second half of 1983 and added that it had made

caused by lower output.

In the latest quarter, Deere said its production tomage had fallen by 28 per cent and that it was forecast

The first-quarter loss follows a sharp drop in fourth quarter and full-year earnings reflecting the depressed state of the agricultural Oil and gas activities would continue to make a significant contri-

L'Oreal sells its stake in Courreges

Andre Courreges fashion house to a Japanese textile company. The deal is subject to the approv-

shares in the company, is in Japan negotiating with the textile compa-

M Courreges has for some time been looking for a more active partner to relieve him of much of the administrative business so that he can have more time for designing. Turnover has hovered around FFr 90m (\$13.2m) over the last two

has faded recently. reges further into the sportswear field. There has been continuing Japanese interest in establishing a signers such as Kenzo, Kawabuko and Yamamoto are already well

Elektrisk Bureau ahead

By Fay Gjester in Oslo

known in Paris.

ed to continue rising this year.

per cent to 68 per cent of sales.

Asea increases pre-tax income by 52% in year BY DAVID BROWN IN STOCKHOLM

ASEA, the Swedish electrical engineering group, boosted pre-tax per cent to 17.2 per cent in 1982.

arnings in 1982 by 52 per cent from SKr 855m to SKr 1.3hn (\$173m), action of the state stock split giving two new shares for each old share. The company cording to preliminary results.

This was the first full year showsaid 20 per cent of the new shares ing results with the Fläkt industrial will be of the unrestricted variety ventilation group, which was incorporated in the second half of 1981. der Swedish law, a step which, it ventilation group, which was incor-porated in the second half of 1981. said, would give the group better access to major capital markets. Asen group sales in 1982 grew by 33 per cent to SKr 25.7bn in 1982. Without Flakt, the rest of the group The board proposes a divideod of SKr 10 for each old share, up from improved sales by 11 per cent to SKr 18.8hn. Exports rose from 61

Asea was able to increase vol-ume, particularly in Western Eu-rope and the U.S., despite weak 17.5. Net interest charges on foreign loans grew from SKr 9m to SKr markets, and it had improved profit 89m, and exchange losses almost margins considerably. Return on to-

SKr 8 last year. Profit per share was put at SKr 32, up from SKr

Roderick Oram examines a healthy continental operation

European operations escape Chapter II

WICKES's European operations have escaped their parent com-pany's Chapter 11 proceedings because they are essentially self-supporting and reasonably heal-thy, according to Wickes execu-tions

The operations consist of about 65 building supplies stores which achieved a "small profit on sales in excess of \$150m." in the year ended January, Mr Jeffrey Chan-in, the parent's senior vice-

president of operations, said. This compares with a loss of about \$13m on sales of \$164m in the previous year. The loss re-flected problems with Middle East building-supplies joint ven-tures which have since been dis-

Wirkes came to Europe in 1979 and established its first store in Holland. UK operations began two years later in a joint venture with J. H. Sankey, one of Brit-ain's largest builders merchants. The partners broke up the ven-ture in 1980, with Wickes taking five existing stores and two in the

From this base it has built 19 stores - one in Manchester, 10 in the Yorkshire Television region and eight in the London Week-

est and most rapid corporate reor-ganisations under Chapter 11 bank-

ruptcy laws seen in the U.S. Mr Sanford Sigoloff's task is to rehabil-

itate Wickes Companies, a nation-

wide retailer with annual sales of

54bn and debts of \$2bn when it

sought court protection last April.

railway company, needed eight

West German

boosts sales

By Jonathan Carr in Bonn

MANNESMANN, the West German

steel pipe and mechanical engineer ing group, boosted sales by 7 per cent to DM 16.5bn (\$6.93hn) last

year - but net profits remained at around the 1981 level of DM 272m.

After a strong growth in earnings in the first half, the economic recession - including the rising debt of key customer countries - hit sever-

In particular Demag, the beavy

engineering subsidiary, saw de-mand fall - above all in the steel

plant sector where previous orders

were postponed and new ones were

Mannesmann's domestic companies raised sales by 8 per cent to DM 13.2bn of which DM 7.6bn went to export - an increase of 3 per cent

on the 1981 figure. The group's for-

eign-based companies increased their sales by 3 per cent.

al of the group's divisions.

virtually non-existent.

engineer

time this year.

it can begin cost-effective televi-sion advertising in the region.

Wickes also has 13 stores in Germany, 11 in Belgium and 23 in Holland. There have been Austria, for example - and a few more are under consideration. When Mr Sanford Sigoloff took

over the chairmanship of Wickes last March he appointed Mr Henry Sweethaum head of European operations. Mr Sweethaum, an American and 13-year resident of Britain, had reorganised Daylin's European operations when Mr Sigoloff and his team were taking Daylin through Chapter 11 in the U.S.

Now Wickes has withdrawn from the Middle East, the main task facing Mr Sweethaum and his management team is to transfer the successful style of their British sterps to the conti-

The British stores, they emphasise, are not do-it-yourself emporiums with a wide range of products in the mould of, say, Wolworth's B and Q or Sainsbury's Homebase. They are suppli-ers of building materials and are able to offer competitive prices



Bulk handling in Wickes's latest North London store.

by trading in volume and by wide use of mechanical handling. The continental stores are traditional DIY supermarkets.

Wickes has earmarked \$15 m for a three-year capital spending programme in Europe, with about \$5m for npgrading stores, \$5m for reorienting to the British style and \$5m for developing new

"We have a tremendous marketing opportunity in Europe, led by a UK profile to stores adapted to local needs," Mr Chanin said. Although Wickes has a considerable geographic penetration of the Dutch market, it is less well represented in the UK and Germany. It reckons that 30 per cent of Dutch households are within an eight-kilometre or 20-minute car drive of a Wickes store while the ligures for the UK and Germany are a per cent and 4 per cent respectively.

Norsk Hydro profits decline ing a 20 per cent decline for the Rapid recuperation for Wickes

Loss for

Deere

in first

quarter

By Paul Taylor in New York

DEERE and Company, the leading U.S. farm and industrial machinery

manufacturer, plunged into loss in its first fiscal quarter ending Janua-

loss of \$28.5m compared with a net profit of \$33.7m, or 50 cents a share,

in the first quarter on sales which

dropped by 16.9 per cent to \$859.6m

The loss was the first recorded by

the company since the first quarter of 1968 when a six-week strike by

United Auto Workers resulted in a

\$8.9m net loss. Excluding that loss,

company records dating back to

1948 show no other quarterly loss

although the company reported a

full-year loss during the 1930s de-

The company said the loss re-flected lower sales volume, the con-

tinued high cost of sales incentive

programmes and higher unit costs

Deere reported a first-quarter

industrial concern, yesterday re-ported lower after-tax profits in national economic climate had held bution to Hydro's profits in coming 1982 compared with 1981 despite a down demand and prices for most years, Mr Narud said. 17 per cent increase in turnover to of Hydro's products in 1982. "ft is essential for the company, more than NKr 20hn (\$2.64hn).

Preliminary figures showed that for light metals and petro1962 profits after tax, but before chemicals. "Our petrochemical busihowever, that decisions be made soon on the development of new fields, if a rapid decrease in oil pro-

Nordic Bank's performance con-

trasts with that of Scandinavian

Bank, which earlier this month re-

ported a 16 per cent increase in pre-

tax profits to £13.2m in 1982. Its bal-

ance sheet total is similar to that of

In view of the "uncertain market

situation which continues to con-front international banks," a fur-

ther transfer was made to the gen-

Nordic Bank.

eral provision

ness resulted in a considerable duction from the beginning of the loss," the company said. Towards 1990s is to be avoided. The areas the end of the year there had been most suitable for early development signs of improvement in prices for both aluminium and petrochemiare the Oseberg und Sleipner fields, which could probably start productioo from around 1990." "In some of our business sectors

group's petroleum activities which strong competition and poor profi-To maintain the steady flow of income from oil and gas up to the year 2000, substantial investmade the largest contribution to tability have led to structural changes, new ownership configurations and the shutdown of consider-able production capacity." ments" would have to be made over

By David Housego in Paris

L'OREAL, the French cosmetics and pharmaceutical group, is selling its 49.99 per cent stake in the

al of the French Government but company believes it could be re-seems likely to go through. M Cour-leased from Chapter 11 by mid-to-leased from Chapter 11 by mid-to-late-1984.

are not in its maio line of business litel, primarily a computer leasing mostly through acquisition. Come and it has only ever held a financial company, has had two years of the recession, it was confronted by interest in the company. But court protection so far, beginning a mountain of deht, soaring interest L'Oreal is to maintain its virtual 100 | with \$1.2bn of debt. AM Interna- rates, declining demand and fragper cent holding in Parfums Cour-

years and profits have stagnated at

around FFr 3m. Courreges' image as one of the more adventurous fashion houses

M Courreges turned to a Japanese partner after failing to find a French or British one. The link with Itokin is expected to carry Cour-Paris presence and Japanese de-

ELEKTRISK BUREAU (EB). Norwegian producers of electronic and nunications equipment, increased profits and turnover in 1982 compared with the previous year. Much of the improvement was due to expanding export sales and Mr Kjell Kveim, managing director, says this is the result of several years of strategic planning. Exports accounted for 35 per cent of the total turnover in 1982, and are expectMING the Merciless, as he is ly 1970s, was Republic Corporation, known, is effecting one of the largmid-1970s, was Daylin, a discount retailer and manufacturer of health care products.

The main reason for the speed at Wickes is that Mr Sigoloff brought a team of senior executives who had worked with him at Daylin. They knew each other, and Chapter 11, inside out.

The company drew up a recovery and debt plan in 10 months rather "We can virtually read each oth-er's minds," said Mr Jeffrey Chanin, than the three years Ming first forecast shortly after becoming Wickes's senior vice-president of Wickes chairman last March. The operations and a Daylin veteran. plan was presented to creditors ear-The team quickly established a lier this month and if negotiations working relationship with Wickes's go smoothly, the Los Angeles-based creditors because of its past experience, be added. Mr Chanin is known as Captain America because of his penchant for handing em-In contrast, Penn Central, once a ployees silver hullets to hit on.

There was plenty to trouble the negorating with the textue comparation plan through court. Increase was plenty at thoose the property of the proup had L'Oreal says that fashion clothes organisation plan through court. Grown rapidly during the 1970s, mented and inadequate manage-

tional, the office products company which went into Chapter 11 10 days ment systems. before Wickes with about \$140m of The group's biggest takeover debt, hopes to be rehabilitated some fling was virtually its last and certainly the most damaging. In late 1979 it took control of Gamble-Skog-Wickes's chairman earned his nickname of Flash Gordon's archmo, a Minneapolis-based retailer. enemy, after engineering the turn- Wickes paid about \$200m and asround of two other Californian cor-porate crashes. The first, in the earsumed about \$600m of Gamble-

halfway through the last fiscal its agricultural division. Sales for year's first quarter. Net losses to the first nine mooths of the fiscal tailed \$156m for those three months. \$566,000 in the second quarter and \$75.8m in tha third.

Purish this quarter, ivet iosses in the install part and \$150 m for those three months in the install part and \$150 m for those three months in the install part and \$150 m for those three months in the install part and \$150 m for those three months in the install part and \$150 m for those three months in the install part and \$150 m for those three months in the install part and \$150 m for those three months in the install part and \$150 m for those three months \$1.00 m for those three months in the install part and \$1.00 m for those three months \$1.00 m for the install part and \$1.00 m for the install part and \$1.00 m for those three months \$1.00 m for the install part and \$1.00 m By the end of the third quarter,

sure costs and the company was toy shops. beginning to make an operating

in the black" at the operating level in the fourth quarter, Mr Chanin said. It has also built up more than \$250m of cash.

The turnround in performance has been achieved by dropping un- rate names. wanted operations, improving existing stores with \$15m of capital debt is covered by the Chapter 11

Chapter 11 protection was to reand distributors to supply goods. As meets its operating forecasts. part of the campaign to rehuild confidence, Mr Sigoloff stepped in front of the cameras for television

The group faces two major hurdles in its amhitious plans for a speedy recuperation: it has yet to commercials.

catalogue sales business, its Max- economy to help it trade its way out well furniture division, vehicle le- of Chapter 11.

Wickes announced earlier this last October, the balance sheet month that it was seeking buyers showed a oet deficit in sharehol- for five more divisions with total ders' funds of \$214m. But the red annual sales of \$108m. These inink was by then attributable to clo- clude a department store chain and

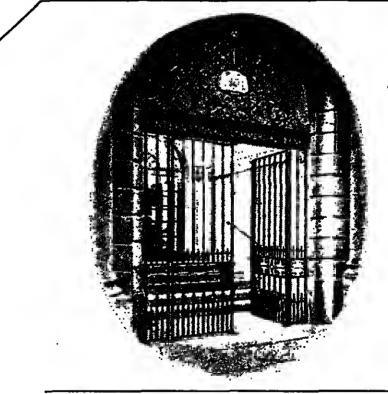
> Most of the disposals have been ideotified, Mr Chanin said. The remaining husinesses, still a sizeable majority of the more than 3,000 stores the group had before Chapter 11. over a wide range of retailing from building products to food and clothes under a long list of corpo-

. About S1.6hn of the group's S2bn spending, and shifting some opera-tions into new product lines. proceedings. Some 44 banks are owed \$600m, of which \$100m was A pressing need after winning advanced by non-U.S. institutions.

store trade credit. At one point, the its too hard to predict at the moshelves of many Wickes stores were ment, the company said. It depends almost bare because managers on how the creditors respond to the could not get some manufacturers plan and how well the company

win creditors approval and recovery The group has closed its Aldens is dependent on a relatively healthy

A growing international presence The international consortium which provides a full range of services including short, medium and long term credits, Eurocurrency deposits and foreign exchange dealings, underwriting and distribution of securities. Associated Japanese Bank (International) Limited 29-30 Comhill, London EC3V 3QA Telephone: 01-623 5661 Telex: 883661



Extract from Audited Accounts 31 st December, 1982 1981 £000 £000 33,946 Share Capital and Reserves 42.541 **Subordinated Loans** 20,718 12,573 Deposits 863,840 713,416 **Total Assets** 781,830 Consolidated pre-tax profit 8,470 9,358 Dividend paid (10%) 700

The Hongkong and Shanghai Banking Corporation

LG. Irving Trust Company The First National Bank of Chicago

t Lyonnais Banco di Roma International Holding S.A.

International Commercial Bank PLC

9-10 Angel Court, Throgmorton Street, London EC2R 7HP Telephone 01-606 7222 Telex 88 73 29 Cables Incombank London EC2

Expansion hopes for Manila OBUs

FOREIGN BANKS in the Philippines have been given that despite these concessions, out that Manila is bidding to have been consolidated to form ing bid to perform full com-mercial banking services in Moreover, the main source of The Central Bank, which had previously refused foreign currency loans for local to consider their request, has borrowers was being depleted. now formed a special group to study the implications of a move granting deposit-taking fuoctions to offshore banking units (OBUs). The Central Bank sald that the study team would go to countries where OBUs have been given access

to local funds.

Sinre the OBUs first opened in Manlla in 1977, their operations have been limited mainly to bringing in offshore funds marginal. The Central Bank for lending to both foreign and local borrowers. Over the years, the Central Bank has granted them additional concessions and they eventually have been allowed to finance imports by local companies of machinery and equipment worth more than U.S.\$1m, to render financial consultancy services to local firms, and to handle foreign exchange remittances of Filipino overseas workers. The five per cent tax on their income from trans-

Safmarine

earnings hit

by recession

SOUTH AFRICA'S national carrier, Safmarine, has suffered badly from the international

badly from the international shipping recession and particularly from the country's lower trading volume. In the half year ended Derember, 1982, lurnover was R257m (\$233m) against R315m in the corresponding period of 1981. Profit from the operation of ships was R30.4m calculated before depreciation and interest charges. During the six months

charges. During the six months Safmarine became more active

as a seller of vessels and made a profit of R10.8m, against only

R2.5m in the whole of the pre-ceding year, on this side of its

By Our Johannesburg Correspondent

However, the OBUs claim cope on their long-stand- the return on their investment their income—the booking of

Mr Joseph Longobardi, the vice-president of Manufacturers Hanover Trust and the chairman of the Offshore Banking Units' Association, said that many banks have reached their risk limit for the Philippines, leaving no room for additional

marginal. The Central Bank estimates that in 1982, the 25 OBUs bad total net earnings of just about \$30m, compared with \$23m in 1981. Since the late 1940s only four

fnreign banks bave heen allowed by Philippine law to operate full hranches in the country. These are Chartered Bank, Hongkong and Shanghai Banking Corpora-tion, Citibank, and Bank of America. Any move to open the field to other foreign banks would require the amendment of present hanking laws by

The company has reported

pre-tax losses of Y9.1hn (\$38.9m) for the year against profits of Y1.49bn for 1981 and

net losses of Y679m, compared with profits of Y872m. Sales were down by 5.6 per cent to

The net loss per share was Y78, against earnings of Y6S and there will be no dividend.

For 1981 there was a payment of Y4 per share.

Petrochemical sales fell by 7.1 per cent in the year to account for S.5 per cent of the stall.

total. Sales by the chemical and carbon sector fell by 0.8 per cent to account for 7.1 per

cent, bit by sluggish demand for carbon electrodes from the

Y362.9Shn.

deposits and lend in the local the government has disallowed currency as no financial institution can survive in the long.
term from merely lending foreign money.

One hanker sald, "international banks will naturally con-centrate their resources in rentres where they can maximise all scrambling for local funds.
their returns such as in Hong
Local bankers also worry the Kong or Singapore. Countries if the OBUs went into full bankwith low returns, like the ing operations, they could easily Philippines, get low priority and capture a substantial portion of this is evidenced by the slow-down in the application for OBU licences in Manlia."

The OBU's are also floating the idea of bringing in their sophisticated financial intermediation tools that could put Manila at par with the financial markets in Hong Kong and

However, the influential Bankers' Association of the Philippines (BAP) is opposing the OBU lohly. In a position paper submitted to the Central Bank, the BAP argued that other countries have permitted limited entry to foreign hanks that foreign hanks wanting to expand operations can huy ioto local commercial banks instead. On the other hand, the OBUs say that if they were permitted to expand their husioesses, they would be prepared to limit the value of local curreocy transactions.

Showa Denko deeply in the red

SHOWA DENKO, one of Japan's includes ceramics and electronic balance of supply and demand

SHOWA DENKO, one of Japan's major chemical groups, fell materials were little changed deeply into the red in the year ended December 1982, because of a sharp rise in the price of imported naphtha, resulting from the steep depreciation of the yen.

The company has reported includes ceramics and electronic materials and n market prices. The dark accounted for 16.5 per cent forecast upward treod of the yen will also belp on imported material prices.

Both pre-tax and net profits ethylene production, agreed in october 1982 is expected to full year sales up by 6 per ceot have favourable effects on the

Sumitomo Bank to make

SUMITOMO BANK'S Singapore the first four years, AP-DJ

branch is to issue U.S.\$40m in negotiable five-year floating rate certificates of deposit (FRCD's), the issue manager, Morgan Guaraoty Pacific announced of redeeming the FRCD's after the fewer the

Singapore FRCD issue

Foreign bank officials point only after their domestic banks become another financial centre fewer but stronger banks. The in Asia and almost all other BAP said that the Philippioes international financial centres is still consolidating a fragallow foreign banks to take mented financial system and the revernment has disallowed.

> There are now 34 commercial banks in the country, 45 private development banks, eight savtogs banks, and 13 investment banks.

Local bankers also worry that the husiness generated from foreign companies. One banker said, "We would be left with the crumbs while the foreigners will feast on the prime accounts."

Nevertheless, the OBUs and the local hanks seem prepared to accept a compromise position. The BAP have recommended that foreign hanks wanting to

of redeeming the FRCD's after the fourth year. Interest will

waltons has 87 stores in NSW and Queensland, including the Norman Ross discount chain it took over last year after a battle with Grace Brothers Holdings, another Sydney retailer in which waltons now has an almost 20 per cent stake as a result of that tussle.

By Lachian Drummond in Sydney

Sydney retailer almost 50 per

WALTONS BOND.

Sharp fall in profits at **McPhersons**

By Our Sydney Correspondent NET EARNINGS of McPhersons, the steel stockholding, industrial fasteners, hand took and pumps, and printing group, dropped from A\$6.62m to A\$2.84m (US\$2.4m) in the half-year to December 31 under the effects of lower sales and import competition.

After extraordinary costs

from the withdrawal from industrial products distribu-tion the group ended with a A\$2.77m attributable loss compared with a A\$6.47m profit last time. The interim dividend has been cut from 6 cents to 3 cents a share.

Siam Cement firmly on Waltons Bond to the road to recovery pull out of Victoria

BY STEWART DALBY RECENTLY IN BANGKOK-

SIAM CEMENT is Thailand's largest industrial concern, with some 10,000 employees and an

cent owned by Bond Corpora-tion Holdings. Is to withdraw from the Victorian retail market by closing its 10 stores to that state. The decision to wind-down operations follows the failure to win huyers for its stock, fixtures and fittings among nther retail groups and of efforts begun last November sharply up on 1981s 95m baht. Besides cement the company's other four main divisions manuto sell the four of the 10 retail sites it owns. Only one facture fibre cement, concrete products and aggregate; con-

products and aggregate; construction related steel products (such as steel bars, wire rods and re-inforcing bars); and special iron and steel castings. A sixth division, the SCT company, is a trading concern representing more than 90 local companies offering a range of processed goods inclinding frozen and tinned seafoods, fruits and vegetables. wood products, Wallons entered the Vic-torian market in 1964 and according to Mr John Donoboe, the managing divisefor the company struggled for many years despite efforts to many years despite enters to stimulate trading. In the past two years it ran np losses of A\$8.8m (U.S.\$8.5m) on the Victorian operations. "To continue in Victoria vegetables, wood products, mosaic tiles and pulp and

would have jcopardised our plans to expand and improve our profitable operations in New South Wales and Queensland." Mr Denohoe paper. Apart from its six divisions Siam Cement also has several subsidiaries. Among the more prominent of these is Siam Kubota Diesel, a joint-venture with the Japanese Kubota com-

pany producing small diesel engines and agricultural equip-ment. A second subsidiary, Slam Kraft Paper, is the country's largest industrial paper and paperboard manufacturer with a paperboard manufacturer with a 100,000 tonnes per year capacity.

Two other subsidiaries are Thai Ceramic, the country's largest title exporter, and SCG, an overseas bolding company. Siam Cement also bolds shares in Siam Prosperity Shipping, which come and correctes.

which owns and operates a 16,000 tonnes bulk cement carrier. Tha actual size of Siam Cement's holdings in these sub-sidiaries is not revealed but It appears that they do not con-tribute a great deal to it's total

mrnover.
The company is primarily orientated towards serving the Thal domestic market with only between five and 10 per cent of

tonnes by the end of 1981. Slam to have a controlling bolding Cement's own capacity is cur-rently around 5.9m tonnes. The second major boost was company include a number of

\$550m. In the last year the company has been making a strong recovery following a collapse in profits in 1981.

Although final figures for 1982 are yet to be released pretax profits are expected to be 550m baht (\$25m). Net profits are seen as reaching 300m baht, sharply up on 1981s 95m baht.

The second major boost was company include a number of former government ministers and senior officials of leading banks and state enterprises. The company's 1981 balance showed a debt-to-equity ratio of imported energy declined of three ta one. There were 1bn ordinary shares in issue, valued in total at just under 1.1bn baht.



King Bhumibol of Thailand sald to

facture of Portland mixed and white cement at four plants and energy can account for up to 60 per cent of manufacturing costs,

per cent of manufacturing costs, according to the company.

It has to be noted, bowever, that the 1981 devaluation of the baht, which sharply pushed up raw material costs, would, had the company not been allowed to defer most of its tax bill, have hit earnings badly. Without this concession from the Revenue Court it is unlikely that the company would have that the company would have been able to pay a dividend in

As it was the interim dividend was passed in 1981 but a final of 10 baht per share was paid. This compared with 20

between five and 10 per cent of group products exported each year.

Last year's sharp improvement in profit margins was due to three factors. Firstly the Government lifted the price controls on cement imposed in 1981 because of over-capacity in the industry. Total capacity had jumped from 52m tonnes at the end of 1980 to 7.5m

paid. This compared with 20 babt per share paid in 1980.

Siam cement is a publicly quoted company on the Bangkok exchange but in practice it behaves more like a semi-state owned concern. Originally the Crown Property Bureau, one of King Bhumibol of Thailand's financial vebicles, owned a third of the issued shares. Today the monarch, through his vebicle, is believed

in the company:
The chief executives of the

in total at just under 1.1bn baht. Reserves and shareholders' funds amounted to double this figure, at 2.2bn baht. The com-pany had total Habilities of 7.3bn baht including some 5.5hn in long-term debt. Most of tha loans were from overseas, borrowed primarily in Hong Kong

and Japan.

In terms of its future the company is known to be looking company is known to be looking for foreign partners to join it in a project to build a petrochemical complex, probably its higgest vecture to date. Preliminary plans involve the construction of a plant to produce about \$0,000 tonnes of high density polyethylene per year, with production forecast to start in 1990.

The petrochemical complex is

The petrochemical complex is part of an ambinous \$50n development project involving the use of gas from the Gulf of Thailand. The Thai Govern-ment is due to invest some \$1.2bn in the project and is hipping to attract partners for

hipping to attract partners for the venture from overseas. However, falling energy costs and confusion as to the extent of recoverable gas reserves in the Thai Gulf have put the downstream parts of the project into doubt. It is now quite possible that the petrochemical complex will not be built but complex will not be built hat slam Cement would still stand to gain from the construction aspects of the rest of the project.

Project.
Prospects for the current year are good, says the company. Energy costs should continue to fall, particularly if the government can supply Gulf gas to it at the promised prices. This could shave some 10 to 20 per cent from energy costs.

Although general demand for the company's products is not expected to increase significantly czer the year, further cost savings through lawer laterest charges could see annual net profits climbing back to the levels achieved in the late 1970s, of around 450m

Mr Marmion Marsh, Safmarine's chairman, says that the immediate outlook is for a continuation of difficult tradiog conditions. The line bas, however, maintained its share of the various trades in which it participates. First half contr par in denominations of Co-managers for the issue are 5500,000, and interest will be free from withholding taxes in Singapore or Japan. Interest International Finance of Hong participates. First half earnings have dropped to 23 cents in the U.S. Sales of the in-three-month Singapore inter-a share from 50 cents. In the U.S. Sales of the in-organic material sector, which bank offered rate (Sibor) for Swiss Bank Corporation.

Sparrow and Sidewinder: double deterrent in Europe's air defense.

Slicing through NATO airspace, this F-15 goes through its paces as one of the world's most advanced fighters. It's suitably equipped with the world's most advanced medium- and short-range air-to-air missiles: Sparrow and Sidewinder.

Since the original Sparrow III was developed some 30 years ago, Raytheon has continued as prime contractor for succeeding models of this radarguided missile system. And we are currently in full production on the latest version of Sparrow, the AIM/RIM-7M, with greatly improved capability.

Similarly with Sidewinder. As a long-term industrial support contractor for the U.S. Navy, we produced the guidance control section and fuzing system for the currently deployed AIM-9L, and have now entered production on the next generation Sidewinder AIM-9M.

That's today. Looking further into the future. Raytheon has been selected by the U.S. Air Force as the follower producer for AMRAAM (Advanced Medium Range Air-to-Air Missile) that will play an

important role in U.S. and NATO air defense.

Bringing advanced technology to the evermore-complex world of air-to-air combat is one of our particular skills. And we bring the same expertise to ground-based air defense systems like Hawk and Patriot, and to a broad array of radar, sonar, and electronic countermeasures systems for shipboard use.

For many years, European firms have participated in cooperative production of NATO Hawk and as members of the Raytheon-managed consortium established to develop and produce the NATO Seasparrow Missile System. Raytheon...a five and a half billion dollar

company in electronics, aviation, appliances. energy, construction, and publishing. For copies of our latest financial reports, contact any of the offices or companies listed below or write: Raytheon Europe, 52 Route des Acacias, 1227 Geneva, Switzerland, or worldwide headquarters, Raytheon Company, 141 Spring Street, Lexington, Massachusetts, U.S.A. 02173.

FOR INFORMATION ON RAYTHEON GOVERNMENT SYSTEMS contact any of these offices: Raytheon Overseas Limited, 8t Avenue Franklin Roosevelt, Brussels 1050, Belgium • Raytheon Overseas Limited, 31 Davies Street, London WI, England • Raytheon Overseas Limited, 326 Bureaux de la Colline, 92213 Saint Cloud, Cedex, France • Raytheon Overseas Limited, 112 Adenauer Allee, Bonn 5300, West Germany • Raytheon Overseas Limited, Fasco De La Habana, 12.8° D. Madrid 16, Spain.

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Decre:

CRA pares losses in better second half

BY GEORGE MILLING-STANLEY

AUSTRALIA'S CRA staged a strong recovery in the second half of 1982, but was unable to recoup the whole of the larger than expected deficit recorded to the strong recovery to the second that the second than expected deficit recorded to the second recovery the second during the opening six months

of the year. Net profits for the second half Net profits for the second half were A\$15.6m (£9.8m), which reduced the loss for the full year to A\$13.6m after extraordinary eredits of A\$3.87m. This compares with 1981's profit of A\$33.1m after an extraordinary gain of A\$13.7m, with the gains in hoth cases coming from the sale of pari of the company's interest in Blair Athol Coal.

CRA, the Australian arm of the Rin Tinto-Zinc group, has declared a single dividend for the year of 3 cents a share, after omitting the interim. In 1981, the company paid a total of 5

the company paid a total of 5 rents in two equal instalmenta. Fur the year as a whole, CRA made a sizeable loss on Ita own copper. lead, zine and silver interests and Mary Kalhleen As17.5m against As12.5m Added to this were sharply reduced profits from the important Bougainville Copper in Papua New Guinea and the As76.7m to As132.3m at group aluminium-producing Comalco.

These adverse inctors were suffering.

All 1981 figures have been re-

reports Kim Fund in Caracas.

The sudden and steep fatt in the buillon price which took place as U.S. markets opened after the long huliday weekend prompted severe tosses in South African Gold shares. They retreated in the face of sizeable American and London sellying pressure, trig-gered by news of the latest series of International nil price cuts.

A number of the leading

South Africao gold mines, such as Hartebeest and Rand-funiela, fell by more than £3 a share and eaused a 37.6 drop in 671.3 in the Guld Mines index. The buillon price closed \$16.5 lower at 3488 an ounce, its inwest closing level for

and silver content of EZ's zinc-lead-copper ore produced a profil for the mining and milling EZ umilted its final dividend refinery at Risdon in Tasmania.

Decrease in Venezuela iron ore exports

VENEZEULA'S from ore output feil by 25 per cent to 11.7m lonnes last year, according to Sr Garnet San Carcin, an executive of the state-owned from ore monpoly Ferrominera.

The company's total sales fell from 15.3m tonnes in 1981 to 10.6m tonnes last year, worth around U.S.\$230m (£150mt), reports Klm Fuzd in Caracas, reports Klm Fuzd in Caracas, Meanwhile, it is reported that

Meanwhile, it is reported that

Uranium interests boost EZ

Net profits for the six months
lo Jauuary 12 were A\$12.5m
lo Jauuary 12 were A\$12.5m
the latest period. This compressions comparable period, first half of last year.

Sales revenue for the half year rose from A\$121.8m to A\$139.7m, with lower prices for lead, zine and copper offset by higher ship-most comparable period a profit of the six months.

Territury, contributed A\$7.4m in the latest period. This compares with just A\$1.7m in the previous comparable period, first half of last year.

Sales revenue for the half year rose from A\$121.8m to A\$139.7m, with lower prices for lead, zine and copper offset by higher ship-most comparable period.

The decline in exports was the offrice country is beginning even more severe, with sales to direct its attention towards to direct its attention towards developing its other mineral inones. While U.S. sales were down from 5m to 2m tonnes.

Fetrominera attributes the decline in sales to European markets to problems with shipping costs. The company pointed out that Brazil's 200,000-tonne ore rarriers have cut into sales,

stated to reflect a change of accounting policy in respect of overseas subsidiaries. This had the effect of adding AS6.9m to 1981 profits, and increasing the 1982 loss by AS3.1m.

Low world metal prices were largely responsible for the poor performance of the wholly owned Australian Miuling and Smelting (AMS) operations.

AMS returned a net loss of ASS1.8m, against a profit last time of AS7.5m.

The mining side of AMS achieved record production, but incurred its first loss since its

achieved record production, but incurred its first loss since its formation in 1971 because of poor returns on lead and zinc.

Two of the Australian smelters produced losses, as did the U.S. smelther and the Avonmouth operation in the UK.

The main bright spot among CRA's wholly owned operations was Kembla Coal and Coke, which surroed in profits of A317.5m against A\$12.5m in 1981, in spite of export sales being hit by industrial disputes and the fall in orders from steel mills in Japan.

mills in Japan. CRA closed 2p bigher in London at 245p, after a jump to

Further goods news for EZ comes with the disclosure that construction work at the new

Elura lead-zinc, silver mine in

New South Wales is now com-plete, and two trainloads of zinc

in diamonds ---HOPES OF an upturn in the world dramond - market have prompted a mildly reflatlooary budget in Botswang a major

producer. Mr Peter Mmusl, Minister of

budget speech in Gaborone that

there are signs that the diamond

market is beginning to poll out of its slump, reports Bernard Simon in Johannesburg.

The Government has forecast that the value of Botswana's

diamond exports will rise this year to around Pula 350m

year to around Pula 350m (1215m), compared with Pula 245m in 1962.

The country's economy suffered its worst year in 1962 since independence in the mid-1960s, and recorded its first decline in output.

output.

Apart from the steep fall in diammed revenues, which account for about half of total export

receipts, the economy has been hit by a severe drought in Iwo

consecutive years and a sharp decline in expan earnings from copper and nickel.

TALBEX CLOSURE

Oliver Engineering (Leyland), a subsidiary of Thibex Group, has been closed. The directors estimate that, in respect of this closure, the total losses, including closure costs, will not exceed in the cost of th

£0.2m for the year to July 31. Oliver, involved in the sheet metal industry, is based at Ley-

and, Lancashire, and employs

Charter makes renewed bid for Anderson Strathclyde

Charter Consolidated, the London mining, loves/ment and industrial holding company finally renewed its bid yesterday for Anderson Strathclyde, the Scottish mining equipment maoufacturer which it has had within its sights since May, 1980.

Its sights since May. 1980.

The terms of the hid are 200p in cash per share which values Anderson at almost £95m. The new offer compares with the price of 92p per share paid in the May 1980 dawn raid when Charter built up a 28.4 per cent bolding in Anderson and the subsequent 135p per share bid, worth £84m, stalled last summer by a reference to the Monopolies Commission.

The Commission recommended

equipment nrders in recent years was coming to an end and cited two other UK mining machinery manufacturers, Dobson Park Industries and Dowty, to presenting its view that the outlook for the industry was "poor."

It added that "Anderson's profits during the past few years have benefited from exceptional factors. Among these, a backlog of orders from the National Coal Board has been fulfilled and, in

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which, it said yesterday, "fully values Alderson."

Charter was adamant yesterday that the boom in mining equipment nrders in recent years was coming to an end and cited two other UK mining machinery manufacturers, Dobson Park Industries and Dowty, to presenting its yiew that the outlook for the industry was "poor."

It added that "Anderson's profits during the past few years have benefited from exceptional factors, Among these, a backlog of orders from the National Coal

bolding in Anderson and the subsequent 135p per share bid, worth £84m, stalled last summer by a reference to the Mooopolies Commission.

The Commission recommended, at the end of last year, that the bid he blocked on the grounds that it would act against the public interest. The Minister for Trade controversially over-ruled the Commission's findings and Anderson subsequently tried and failed to have the Minister's verdiet quashed in the High Court.

The way was clear, within a deadline set by the Takeover Panel, for a new Charter bid.

Dowty stake in Hydrostatic

A COMBINATION of a sharply higher contribution from the uranium interests, better prices for precious metal by-products and the depreciation of the Australian dollar allowed EZ industries to ahow higher profits for the latest half-year.

Net profits for the six months to January 12 were A\$12.5m operations of A\$1.1m, compared with A\$314,000 last time and a loss of A\$12.9m in the closing balf of the last financial year. The uranium interests, held through EZ's 30.5 per cent stake in Energy Resources of Australian dollar allowed EZ industries to ahow higher profits in Energy Resources of Australian late year after profits of A\$9.1m, but has returned to the list with an interim payment of 3 centa a share, unchanged from the previous payment. This will absorb a total of A\$3.4m, but is more than covered by the A\$4.45m received from ERA.

The uranium interests, held through EZ's 30.5 per cent stake in Energy Resources of Australian dollar allowed EZ.

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The uranium interests, held through EZ's 30.5 per cent stake in Energy Resources of Australian dollar allowed EZ. Dowly Group, the aerospace, £1.94m for the year eoded May depended on profit performance defence and mining equipment and maker, is to take a 50 per eent stake in Hydrostatic Transmissions with an option to acquire the rest at the end of three years.

If the option is exercised, Dowly will pay a total of £2.35m in cash for Hydrostatic, which designs and manufactures highlogy and manufactures highlogy and manufactures highlogy and manufactures highlogy are solved.

torque radial-piston hydraulic industrial division turnover of motors at Brentwood, Essex for £37.5m in the year ended March the mining and construction

Melropolitan eroup for a price understood to be about £2.24m.

The Drury Lane Hotel, the only London hotel owned by the group, is the 50th hotel in the

Int. Paint Kuwait deal

the Kuwait company's decora paint for an extension to a tive and household paints. It will Kuwait refinery. It was unlikely

in 1974 it has annual saies of Arab Emirales and Bahrain. more than 2m litres of paint. International Paint also has

more than 2m litres of paint. International Paint also has "Despile its size Kuwalt is a very plans to start production in large market for the businesses Saudi Arabia, which it currently

we are in, mainly protective serves with imports from the UK.

Queens Moat buy from GrandMet

for about £30m.

At a time when other hotel according to Grand Met.chairman groups have reported disappoint
Mr Stanley Grinstead.

vices, and brushes and cleaning products, announced vesterday that it was involved in talks which may lead to the disposal which may lead to the disposal annual metiog last August that

Kleeneze discussing asset sale

International Paint, which is not satisfactory.

31, 1982. Direct exports account and markel developments, Dowty for 14-18 per cent of turnover said.

With the principal markets in Hedrostatic's products in the

Hydrostatic's products in the U.S. would be serviced by Dowty Industrial Corporation from Atlanta, Georgia. Servicing and marketing of Hydrostatic's range would be more effectively carried out by Dowty's worldwide outlets, it added. Dowly last year paid £9m for RFL Industries, a New Jersey-based manufacturer of electronic £37.5m in the year ended March 31, 1982. Total Dowly Group industries.

furnover was £351m.

based manufacturer of electronic control and radio communications of £392,000 on turnover of ing 50 per cent of Hydrostatic tions equipment.

BLUE CIRCLE INDS. DECISION EXPECTED
The Office of Fair Trading International Paint has taken a coalings for steel structures and yeslerday sent its advice on whether Blue Circle Industries' 126m bid for Aberthaw Cement should be referred to the Monopolles and Mergers Commission to Lord Cockfield, Trade 49 per cent stake in Kuwait marine paints," said Mr Derek
Paint Manufacturing and Trading Company under a joint venture agreement reached with the
Al-Babtaln group of Kuwait.

Tuarine paints," said Mr Derek
we have had a negligible share
of the market because our previous licensing arrangement was

part of the Courtauids group.

International Paint has already plans to add its own range of signed an order worth film over industrial and marine paints to the next 18 months to supply the Kuwait company's decoration and extension to a paint for an extension to a paint for an extension to a kuwait refinery. It was unlikely the \$320. to 570p compared with the 632p value of the share bid and the 635p value of the alteroative share and cash offer. Blue Circle fell 3p to 395p. increase turnover by 50 per cent it would have got this contract over the next 12 manths to about if it had not been able to manus. KD1.5m (£3.35m).

The British group will assume to control. Kuwalt remery. It was universely the management. Control. Kuwalt operation is International Paint. Paint will change its name to (Gulfi, which has a plant in International Paint. Established Dubai and trades in the United in 10.71 to heappurguicaise.

MAY & BAKER BUYS subsidiary of the French Rhan Poulenc group, bas acquired Branzon Anstralia, a maker of silicone sealants, for an undis-

closed sum.

Branzon, based in Melbourne, made pre-tax profits of A3251,000 t£159,0001 in 1981-82 on turnover of A34m. The company was Queens Moat Houses an ing figures, Queen's Moat has previously owned by the Kurz family.

nounced yesterday that it has recorded strong growth—mainly bought the 129-room Drury Lane because it aims to cater for Hotel in London from the Grand business travellers rather than tourists. Pre-tax profits from were £1.1m, compared with January 1 last year to July 18 £504,000 a year earlier. family.

This purchase conforms to Rhône-Poulenc's policy of expanding into the world market for silicone products. Branzon will continue to operate as a separate Company within the May and Baker group. group, is the 50th holel in the group. In April last year Queens Moat bought the 26 holels which made up the County Hotels Group from Grand Met does not figure in the corporate

WILLIAM BOULTON

SELLS LITHERLANDS
The William Boulton Group
has sold Litherlands to BultenKanthal Stephen Newall, the UK
subsidiary of Bulten-Kanthal AB,
of Sweden, for a total consideration of £844,000 paid in cash at
completion. Kleeneze, the hard-pressed of £21,000 compared with £64,000 group whose interests span the manufacture of energy-saving de-earlier. Turnover rose slightly

Litherlands makes electric heating elements for the ceramic, glass, metallurgical and allied industries. The principal activity of Kanthal is the importing of engineering products. For a number of years Kanthoi has been the main sup-plier to Litherlands of electrical

resistance alloy wirea used in the manufacture of elemenis. COATES BROTHERS

ACQUISITION Coates Brothers is to acquire the equity of S. D. Litho of Si. Heiens, Lancs., manufacturers of presensitised plates, from the B.1 C.C. Group on May 1. It is estimated that the net asset value of the company being acquired is

S.D. Litho will be merged with Coales Litho Plates to form a new company. Coales Graphic Products, which will be located at St. Helens.

The product ranges currently marketed by the two commanies will continue to be supplied after amalgamation, but the expanded commany with its improved technical manufacturing and selling capacity will offer significant benefits to its customers in the future.

PAVILION LEISURE Mr Michael Shellim and associates have an interest equal in 28.22 per cent in Pavilina Leisure Hotdings. They recently purchased a further 2.5 per cent

NO PROBES The proposed acquisition by Aliu Standard Corporation of the U.S. of Henry Sykes, and the proposed acquisition by Throgmorion Trusi of control of R. Green are not being referred in the Monopolies Commission.

BRABY LESLIE Acceptances of the offer for Braby Lestle by Doverfund have been received on account of 8,565,306 ordinary share units 183.71 per cent1 and not 3,456,306 133.71 per centi as slaled in yesterday's edition.

£6m building work for Espley-Tyas

have been secured by companies within the ESPLEY-TYAS CONSTRUCTION GROUP. a subsidiary of the Espley-Tyas Properly Group. The largest, worth about £1.75m, has been placed by the Birmingham and Bridgewater Building Society. To be complete within 15 months, the construction of new offices and refurthishment of existing premises at the Society's Waterion Street, Birmingham, head office. Manston (Constractors), Leeds, is constructing a three-atnrey office and shop development at Wood Street, Wakefield. Manston are also building office and factory extensions to the Leeds premises of E. J. Arnold for Petty Business Forms. At nearby Morley wareliouse and office extensions are being carried out for Tibbett and Britten. In the retail sector, Espley-Tyas Construction has obtained contract worth about £110,000 with AC SPARK PLUG OVER-SEAS CORP of Britain to import and garden centre for RMC Homecare at Evesham and fitting out the new Homebase stare for J. Sainsbury at Westgate Street. start of the year, would be 9.4p out the new Homebase stare for porting 220,000 oil filters next year. The Japanese car company Gloucester. Local authority honsing contracts with a combined value of about £2m have been placed by Leeds City Council, European companies this year. Stratford-Upon-Avon District Council and Cotswold District Council. Mansion (Contractors) has started work on 42 dwellings and sile works at Ellerby Lane. Leeds. For Stratford-upon-Avon, Espley-Tyas Construction Leeds. are building 43 dwellings includ-ing roads, site works and drain-age at Avenue Farm, Stratford, At Ithe same time major Imnrovements are being made to 65 houses at the Chesterton Estate. Cirencester for the Cotsword District Council. Esnley-Tvas Southern, hased at Kingston-unon-Thames, has started work on upgrading and refurbishing existine premises at Surbiton for conversion into offices.

> RAVEN (CONTRACTS), a member of the Raven Group based at Sunbury-on-Thames, has secured orders in excess of £1.7m for mechanical services to new hospilals, office blocks and bank

TILBURY ROADSTONE, Norwich, is to handle blacklop surfacing of the Copdock to Washbrook By-Pass, London to Great Yarmouth Trunk Road, under an order worth about £1.5m, placed by Cementallon Construction. The dual, two-lane carriageway is 5km long and Tilbury's operations will commence in April/May this year.

HANWOOD ENGINEERING SERVICE, Telford, has two orders for large area vacuum forming macbines from Australia with a total value of £100.000. One was from Ford Motor Company for a machine 2.5 x 1.4 metres. The second order is from Armitage Shanks Pty for a machine to he used in the manufacture of acrylic baths.

Contracts totalling almost f6m ELECTRO - MECHANICAL for a variety of building work MANUFACTURING COMPANY, have been secured by companies Scarborough, lias won a contract, within the ESPLEY-TYAS CON- worth more than \$500,000, from

ANGLO SWEDISH EQUIP-MENT, a wholly-owned subsi-diary of Volvo BM AB has sold six Volvo 861 8 x 4 articulated dumpirucks in the Ministry of Defence. The trucks, worth about £400,000, are for the Falkland Islands, and will be working in heavy quarrying.

Washington Development Corp-nration is spending £250,000 to improve access to the industrial and housing areas in the south west part of the new town. The corporation has awarded a con-tract to CEMENTATION CON-STRUCTION, Darlington, for the construction of a second bridge over the Western Highway A195 flormerly A1231) hetween the Wear Estate and Lamhton Village. All work will be com-pleted within 30 weeks.

BARRATT CONSTRUCTION has been awarded a contract worth £134,000 for alterations and ex-tensions to the Clydesdale Bank, Great Northern Road, Aberdeen.

one was from Ford Motor Company for a machine 2.5 x 1.4 meyes. The second order is from Armitage Shanks Pty for a machine to be used in the manufacture of acrylic baths.

SILICONE COMPANY May and Baker, the UK pharmaceuticals and chemicals New staff costs push Celltech loss to £1.87m

BY DAVID FISHLOCK, SCIENCE EDITOR

CELLTECH, the British biotechnology company set up in 1980 to pio-neer the development of new health-care products, increased its turnover five-fold to £368,000 in its second year of operations.

But a year-end loss of £1.87m for 1982 is explained by the scale of re-cruitment, especially of research and development staff, says Mr H. Wynne Denman, the retiring chairan, in the annual report, published today.

Celltech's staff now numbers 110, more than a third of whom have a PhD, many with an international reputation for excellence in their chosen fields, Mr Denman says. The average in 1981 was 28 employ-

A third of Celltech's turnover last year came from contract research ing a feasibility study for the large-

services to other companies, includscale production of a monoclonal (extremely pure) antibody, used in diagnostic testing.

Last year, the company filed more than 40 patent applications says Mr Gerard Fairtlough, chief executive.

Celltech bas set up a diagnostics division to enter the market for medical tests, estimated to be worth £2bn worldwide, according to Mr Fairtlough.

It has recruited Mr David Grafton, formerly of Boots, who be-comes a Celltech director and chief executive of the diagnostics operations. Dr Bill Hunter has been recruited from the Medical Research Council as the division's research

and development manager. Celltech bas strengthened its re-lations with the Medical Research Council, with which it has an exclusive arrangement concerning development of monoclonal antibodies.

Mr Fairtlough says a key objec-tive this year will be to enter the marke! for diagnostic reagents with monoclonal antibodies.

STONE INTERNATIONAL LIMITED Unaudited Results for the six months

ended 27th November 1982

Sales	£m 32.2
Trading Profit	3.1
Profit After Tax	1.2
Net Assets	21.9
Borrowings	(6.6)
Net Worth	15.3

On 27th May 1982 Stone International Limited purchased the business of the electrical division from the Rereivers of Stone-Platt Industries Limited.

Sales for the half year of £32m were an all-time record. Trading profits, before interest and lax, of £3m reliccied a welcome improvement in profitability in the UK and in the U.S. All major locations reported profits for the period and the total result gave a return on sales of 95%. Customer confidence in the group has been completely re-established as demonstrated by the order intake of £45m. This will give an outstanding order book in excess of £60m which, in general terms, represents approximately 12 months' backlog.

Apart from unforeseen circumstances, the group expects to make profits in the second half of the year although possibly not at quite the same rate as in the first half.

ERNESTJONES Results for the year ended 2nd October 1982 11,435 10,991 TURNOVER (VAT inclusive) 9,945 9,564 TURNOVER (VAT exclusive) PROFIT before TAXATION 168 1,106 736 PROFIT after TAXATION 3.6p **EARNINGS** per Share 7.3p 3.9p DIVIDEND per Share (net) Copies of the Report and Accounts may be abtoined, on or after 24th February, from The Secretary. **ERNEST JONES** (Jewellers) p.l.c. Shifta House, 1-7 Harewood Avenue, London NW1 6JD.

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BASE LEND	ING RATES
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Clibank Savings 19 % Clydesdale Bank 11 % C. E. Coales 12 %	Williams & Glyn's 11 % Wintrust Secs. Ltd tt %
Consolidated Credits 11 %	Yorkshire Bank
The Cyprus Popular Bk 11 % Duncan Lawrie 11 %	 7-day deposits 21 1-mcn11 6.251. Short-term 58,000,12. mcn1ha 10.51
Exeter Trust Ltd 12 % First Nat Fin Corp 134%	? 7 day deposits on sumo of under £10,000 &"; £10,000 up is £3,000 and ever 95".
First Nat. Secs. Ltd. 13 %	Call deposits £7,000 and over \$5.
Robert Frager 12 %	I 21-day denouts over £1.000 9".

Amro Bank 11 % Henry Ansbacher 11 % Arbuthnot Latham 11 % Associatea Cap. Corp. 11 % Banco de Bilbao 11 % Bank Hapoalim BM 11 % BCCI 11 % Bank of Irejand 11 % Bank Leumi (UK) plc 11 % Bank of Cyprus 11 % Bank Street Sec. Ltd. 11 % Banque Belge Ltd. 11 % Banque Belge Ltd. 11 % Benceficial Trust Ltd. 12 % Bremar Holdings Ltd. 12 % Bremar Holdings Ltd. 12 % Bremar Holdings Ltd. 12 % Brown Shipley 11 % Canada Perm't Trust 11 % Cayzer Ltd. 11 % Cayzer Ltd. 11 % Coatle Court Trust Ltd. 12 % Comm. Bk. of N. East 11 % Coatle Court Trust Ltd. 12 % Comm. Bk. of N. East 11 % Coatle Court Trust Ltd. 12 % Comm. Bk. of N. East 11 % Coatle Court Trust Ltd. 12 % Comm. Bk. of N. East 11 % Coatle Court Trust Ltd. 12 % Comm. Bk. of N. East 11 % Coatle Court Trust Ltd. 12 % Comm. Bk. of N. East 11 % Coatle Court Trust Ltd. 12 % Coatle C	Gulf G'tee Trust Lld. 12 Hambros Bank
First Nat. Fin. Corp. 131%	81.1. (50,000 and ever 951
	21-day deposits over £1,000 9%.
	Oumand depos-is a
Guinness Mahon 11 %	Morigage base rate.
Guinness Manon 11 %	Morigage base rale.

of an undertaking of one of its wholly-owned subsidiaries."

- 1311's said a further nnnouncement would be made as soon as possible.

Six-month figures 10 October

last year showed pre-tax profits

EUROPEAN PROPERTY INVESTMENT COMPANY N.V. Established in Amsterdam At the Annual General

pany's chairman, said at the annual metog last August that the company was "still being severely affected by recession." Earlier in the year, it bad closed Frederick "Juson, which manufactured industrial brusbes, fol-

towing "a sharp decline in orders." Profit figures have been

depressed in part because of heavy interest payment costs. These rose to £360,000 in the

finanial year ending last March, compared with £274,000 the year earlier. These higher charges were due mainly to an investmeni programme on the company's Bristol site.

Meeting of Sharebulders held nn Febroary 14, 1983, a dividend nf Dils 3,80 per share with a nominal value of Dis 100 has been declared for the year 1981/82. As from Fch-ruary 25, 1983, a dividend of Dfls 3.80 per share with a nominal value of Dfls 100 is payable, after deduc-tion of withholding tax, against delivery of coupnn No. 9 at N.V. 's-Gravenhaagsch Kantnor Mulié & Co. in the Hague. THE BOARD OF MANAGING

Amsterdam, Febr. 14,1983 LADBROKE INDEX based on FT Index 640-645 (-4) 640-645 (-4) Tel: 01-493 5261

BY ERIC SHORT, INSURANCE CORRESPONDENT

A POOR fourth quarter on its U.S. operations, coupled with the weak first-quarter figures arising from adverse weather, ensured that the 1982 results of Commercial Union Assurance (CU) were the worst since the dark days of 1975.

Uoderwriting losses more than doubled on the year from £131.9m to £271.5m and pre-tax profits were slashed by three-quarters from €89.5m to €21.5m. This was despite a 27 per cent increase in net investment income from £191.7m to £243.5m and a 60 per cent jump in life profits from £25.1m to £40.7m.

Despite a reduced taxation and minorities charge of £7.7m against £21.5m, after-tax profits were cut by four-fifths from £69m to £13.9m. The account had the benefit of a £28.2m transfer from life profits arising from the changeover from a triennial to an annual valuation ba-sis, but set aside out of profits a losses in the U.S. more than doucharge of £12.9m net of tax in respect of UK reorganisation costs. This left profits attributable to compared with £68m for 1981.

The CU is maintaining its policy improved marginally from 34.6 per of stability in its dividend payments cent to 34.5 per cent despite a reverby declaring an unchanged final of sal of the improving trend in the fi-6.95p. This results io total dividends nal quarter. for 1982 of 11.8p - the same as the previous year.

Turnover

Profit before Taxation

creased by 19 per cent from £1.51bn to £1.81bn - the underlying growth rate allowing for exchange rate fluctuations being 8 per cent.

improved 12 per cent from £330m to 58 per cent.

Business in the U.S. last year perbeginning of the year and underformed poorly. Premium growth writing losses rose from £11.3m to
was held to 7.6 per cent from £44.8m. \$1.37bn to \$1.47bn, by a 3.8 per cent

were hit by the severe weather in income in the final quarter, though the first and final quarters, by the still down on the year. It reports generally difficult trading condi-that experience so far in 1982 inditions in the insurance market, and cates a normal winter for the UK. by the decision to put £30m during the last four months to strengthen the claims provision in workers' compensation and liability classes.

bling from \$136.7m to \$305.9m, with spect of UK reorganisation costs.

This left profits attributable to shareholders for 1982 of C29.1m characted with £88m for 1981

claims ratin rose from 73.5 per cent to 86 per cent, but the expense ratio

MARCHWIEL PLC

* The Group, enlarged by the recent acquisition of Finlas PLC, is in excellent shape and the Board

The Sir Alfred McAlpine Group

Copies of the full Statement and the Chairman's Report will be available from the Secretary, Hooton, South Wirral, Cheshire L66 7ND, after March 7th.

* Increased ordinary dividend, covered 3 times.

* Shareholders' Funds in excess of £72 million

* Liquid resources in excess of £36 million

Year ended 31st October

Profit after Taxation, Minority

Dividend per Ordinary Share

* Record profit before tax.

(1981 £67m).

Net Assets per Ordinary Share

Interests and Extraordinary Items

views the future with confidence.

Non-life premium income in- premium rates - 15 per cent for automobile business - and reduce operational expenses should benefit results io 1983 and 1984.

Intense competition for commer-Premium income on life business cial business in the UK and to a lesser extent oo personal business, 2370m. Shareholders' funds rose resulted in premium growth of only from £824m to £1.05bn and the sol- 12 per cent from £407m to £487m. vency margin at the end of 1982 was These problems were exacerbated by the severe winter weather at the

The group reports signs of premdecline in the final quarter.

Underwriting results in the U.S. iums stabilising in commercial fire business, with a rise in premiums

> A much brighter picture is reported from Canada after years of very poor results. A series of substantial rate increases - around 25 per cent for 1982 - resulted in underwriting losses being reduced from C\$51.9m to C\$15.6m, though premium income was virtually unchanged at C\$249m. The CU claims to be main-

taining its market share. Underwriting losses in the Neth-erlands rose from F136.3m to F155.4m, with the motor account moving from a useful profit to a significant loss. Underwriting The company expects that the action taken during 1982 to increase most doubled from £4.3m to £7.9m.

1981

£000

237,559

10,382

6,528

6.6p

189p

1982

£000

243,242

13,752

8,612

7.5p

204p

PROFITS HAVE been achieved in the six months ended December 31 1982 by Common Brothers. The directors are hopeful that re-sults for the remaining period of the current year will continue to be profitable

The company is a subsidiary of Norex Corporation, of Bermuda. Principal activities are owning, managing, and operating ships and offshore equipment, insur-

but after minorities of 2606,000. No comparisons are given as previous interim statements covered the eight months to the end of February - there was a loss of £2.56m for the 1982 period.

As well as the minorines, the profit was struck after associates losses 2613,000, special charges and provisions £100,000, interest payable £568,000; and it included surplus on sale of ships and investments £318,000.

The company arrested a ship in November to secure certain monies receivable by it under mortage. An arrangement has now been made whereby, in re-turn for additional security, the vessel has been released for trading on time charter to a third

Earnings from this charter, Brothers, are sufficient to cover interest on the amount outstanding. As negotiations are still pro-ceeding with regard to the re-scheduling of the loan, no provi-sion has been made for any pos-

Despite the depressed economy in the U.S. and fierce competition in the passenger business, increased marketing efforts and cost cutting in the subsidiary Ba-hama Cruise Line have led to better results for the Veracruz. The vessel is in good condition and has traded profitably since

Iro Frigg is also performing well, the company states, al-though costs are higher than forecast in part due to npgrading of a number of items of equip-

The product tankers have continued to operate on the spot market and have made a small margin over and above daily operating expenses. In order to exoloit trading opportunities to the best advantage the company has formed the Golar Product Tank-er Pool. The first vessels entering the pool are the group's two

RESULTS IN BRIEF

TF&JHBRA (HOLDINGS) Deep drawn press		
Year to Dec 31	1982	1981
	E	£
Sales	2.9m	2.49m
Pre-tax profit	128,000	128,000
Tax	83,000	49,00
Profil Earnings per	117,000	79,000
share	3.63p	4.95p
Dividend	3.5p	3.50

UJho 15 the U.K.s leading

steel profiler? Steel Stockholders Ltd. of

Mossend, Lanarkshire have the largest steel profiling capacity in the U.K. and possibly Europe, undertaking major contracts for oil rig construction and other substantial projects using the latest computer controlled machinery.

Steel Stockholders is the profiling and main stockholding division of London and Northern Group.

Other names in the Group equally well known in their fields include Blackwell/Tractor Shovels, the U.K's leading heavy earthmoving fleet operators; <u>Pauling</u>, a major

force in Overseas Civil Engineering for over 100 years; *Edenhall*, the U.K's biggest producer of concrete facing bricks and Weatherseal
Windows, pioneers and innovators
in domestic double glazing.
Send for the latest Report and

Accounts to find out more about London and Northern, a Group with £217m turnover in 1981, which has increased or maintained its dividend for seventeen years-every year but one since going public in 1963. London and Northern Group PLC, Essex Hall, Essex Street, London WC2R 3ID. Tel: 01-836 9261



Housebuilding · Earthmoving · Plant Hire · Double glazing · Building Services · Coal Reclamation · Concrete blockmaking

Profit for **Common Brothers** at midway

and offshore equipment, insur-ance broking and travel agency. In the half-year, the profit came out at £76,000 before tax

As well as the minorities, the

	E	£
Sales	2.9m	2.49m
Pre-tax profit	128,000	128,000
Tax	93,000	49,000
Attributable		
profil	117,000	79,000
Earnings per		4.00-
Share Dividend	3.63p 3.5p	4.95p 3.5p
Dividend	aup	a.əp
AQUIS SECUR	PTIES	
Property in westma	ent dene	omment
Property investme	ent, deve	lopmeni
and hotels	ent, deve	lopmen:
and hotels Year to		<u> </u>
and hotels	ent, deve	1981
and hotels Year to		<u> </u>
and hotels Year to Dec 31 Sales	1982	1981 £ 1.75m
Year to Dec 31 Sales Pre-tax profit	1982 £ 1.22m 807,836	1981 £ 1.75m 753,061
Year to Dec 31 Sales Pre-tax profit Tax	1982 £ 1.22m	1981 £ 1.75m
year to Dec 31 Sales Pre-tax profit Tax Attributable	1982 £ 1.22m 807,836 358,916	1981 £ 1.75m 753,061 256,811
Year to Dec 31 Sales Pre-tax profit Tax Attributable profit	1982 £ 1.22m 807,836	1981 £ 1.75m 753,061
Year to Dec 31 Sales Pre-tax profit Tax Attributable profit Earnings per	1982 £ 1.22m 807,836 358,918 431,067	1981 £ 1.75m 753,961 256,811 478,597
Year to Dec 31 Sales Pre-tax profit Tax Attributable profit Earnings per share	1962 £ 1.22m 807,836 358,918 431,067 1.72p	1981 £ 1.75m 753,061 256,811 478,597
Year to Dec 31 Sales Pre-tax profit Tax Attributable profit Earnings per	1982 £ 1.22m 807,836 358,918 431,067	1981 £ 1.75m 753,961 256,811 478,597
Year to Dec 31 Sales Pre-tax profit Tax Attributable profit Earnings per share	1962 £ 1.22m 807,836 358,918 431,067 1.72p	1981 £ 1.75m 753,061 256,811 478,597

Retail Jewellers	S (JEWE	LLERS
Year to Oct 2	1963	1981
	£	£
Sales Pre-tax profit Tax Attributable	95mt 168,000 188,000	9.56m; 1.11m 376,00
profit Earnings per	356,000	736,00
share Dividend	3.6p 3.9p	7.3p 3.9p
* credit † excluding value add	ed tax.	

"INVESTING I EQUITIES Investment Trust	N SUCCI	25."
Year to Jan 31	1982	1981
Pre-tax revenue Tax Drvidend NAV per share	£ 881,635 204,251 5-18p 428.5p	533,814 289,825 5.04p 343.4p

ANGLO-INTER	RNATIO	VAL.
Year to Dec 31	1982	1981
Pre-tax revenue	£ 553,462 196,449 5.9p 327,35p	E 481,902 165,757 5.2p 282.5p

SURPLUS IS DOWN FOR 1982 BUT BEATS FORECAST

Vantona reports £4.29m profit

BY OUR FINANCIAL STAFF

THE Manchester-based textiles concern, Vantooa Group, has re-ported pre-tex profits of £4.29m for the year eoded November 28 1982. This was better than the 64m forecast at the time of the Carrington Viyella offer, but down on the previous year's £5.84m.

The results for the 1982 period do not include any figures for Carrington Viyelia. On February 9, the offer for Carrington became unconditional and as a result, the new name of the combined group will, with effect from Friday, be Vantona • Figures for Carrington Viyella excluded

Vantona says it is far too early to omment on the merger, except to ay that confidence is rainforced and all management and employees of the two former groups are working with energy and enthusiasm to make it a success.

The first combined results will be

announced on July 26, in respect of the balf-year to May, which will in-

■ VANTONA GROUP Textiles manufacturer 1981 103.45m Pre-tax profit
Tax
Attributable 4.29m 1.08m 76,000

corporate six months for former Vantona companies and three months for the former Carrington Vivella companies.

Vantooa's sales for the year 1981-82 were little changed at £103.45m (£104.19m) with exactly the same pattern in the first and second balves. Mid-year sales were £48.9m (£49.3m) and taxable profits for that period fell from C1.92m to C1.6m.

The company says uncertain re-tail demand made customers reluc-tant to take in deliveries until well into the final quarter. In the uniform division, customers in the public sector slowed up their intake of uniforms, while major contracts in the export field have also proved difficult to obtain.

Earnings per 20p share, before entraordinary items, decreased from 23 9p to 14.6p, but the dividend is maintained at 8p net with a final the group says its balance sheet of 5p, payable to holders of existing Vantona ordinary sheres - but not to holders of the new shares issued as a result of the merger.

Full year trading profits dropped from £5.98m to £5.74m, reflecting the group turned in attributable the intense pressure on margins earnings of £75,000, which combinoughout the 12 months. Pre-tax pares with £4.25m previously. Tax results were struck after interest took £1.08m (£581,000), extraordicharges up from £1.14m to £1.45m, nary charges rose from £381,600 to largely as a result of financing highcost £78,000 (same). Last year, there was also a £53,000 minority profit.

As stated in the interim report. full provision has been made for costs of merging manufacturing units, which will be achieved without reducing overall capacity or the ability to increase volume in line with any recovery in demand. These projects are now well advanced and are also fully compati-

The group says its balance sheet remains healthy, with stock levels and total borrowing marginally down on last year and with debtors and creditors unchanged.

ONDC

Property unit trusts to merge

BY ANDREW TAYLOR

HARDER TIMES in the commer cial property sector have coincided with the merger of two of Britain's leading property unit trust compa-

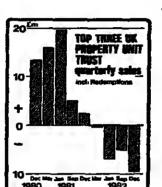
Property Unit Trusts Group, the largest and oldest of the managed funds selling to pension funds and charities, is to be merged with the property management interests of merchant bankers, Morgan Gren-

The enlarged Morgan Grenfell Property Services will be responsi-ble for the management of property assets valued at more than 6420m. Mr Roy Nightingale, chief execu-

tive of Property Unit Trusts Group, will become vice-chairman of Morgan Grenfell Property Services. Mr David Mathison, chief surveyor of Property Unit Trusts Group, will also join the board of the enlarged

Sales of property unit trusts to tax exempt institutions and charities have slumped in the past 12 months, as the commercial property sector has come under increased

In 1982, for example, sales of new units by the three largest UK pension fund property unit trusts -Fleming Property Unit Trust,



PFPUT (managed by Property Unit Trusts Group) and Lazard Property Unit Trust - fell to just over £10m, compared with sales of almost £57m in 1981.

In addition, the funds faced increasing requests from institutional clients for existing units to be redeemed, with the result that there was a net outflow from the three largest trusts of more than £21m last year. In 1981 Fleming, PFPUT and Lazarad achieved a net inflow of more than £42m.

PFPUT, with assets of £247m, was worst affected by falling sales. vices, by comparison with Property Last year PFPUT reported a net Unit Trust Group, has suffered less outflow of funds of £21m. Lazards badly from falling sales.

had a net inflow of more than £8m while Fleming reported a net inflow on sales of £8.4m. Fleming, which manages funds valued at £274m, last year overtook PFPUT's position as the largesst

UK pension fund property unit

PFPUT is the largest fund in the Property Unit Trusts Group stable, which also includes the Charities Property Unit Trust; The Agricultural Property Unit Trust for Pension Funds and Charities and the Property Unit Trust for Public and Gen-Superannuation Scho The Morgan Grenfell stable is

smaller. Its largest fund is the Industrial and Commercial Property Unit Trust, valued at around £70m. In addition, Morgan Grenfell manages several individual pension fund portfolios on behalf of clients. The new management company

will also be responsible for looking after The British American Proper ty Unit Trust which started lasted year and now has property assets valued at around \$30m.

Morgan Grenfell Property Ser-vices, by comparison with Property

Confidence among small businesses

AN AIR of confidence about their own prospects is evident from a new survey of small busines

The survey, commissioned by Thomson Local Directories, was carried out among directors of more than 1,000 businesses throughout the UK with between five and 20 staff. Retailers were excluded.

Although pessimism outweighed optimism about the economy generally, nearly 70 per cent of those interviewed were optimistic about their own business future.

A huge majority felt that a change of government would not help improve the economy or re-duce unemployment. At the same time, they felt that the Government is not doing enough to help them.

The survey shows that 31 per cent have been cutting staff to maintain or increase their level of business, 30 per cent are increasing advertising, 30 per cent are cutting or discounting, 23 per cent are cut-ting back on their investment, and 34 per cent are investing more

HFC Trust Annual Results

HFC Trust Limited is licensed to take deposits under The Banking Act 1979 and offers a wide range of finance, savings and banking services to personal and business customers.

For the year to 31st December 1982, we achieved real growth in . all our key business development areas.

The profit before taxation increased by 7.2% to £4.2m and after taxation by 16.7% to £2.09m. Advances increased by £22.4m to £117.4m and included £2.5m of leasing which was undertaken for the first time. The number of customer accounts increased by 23%

We continued to open branches in major centres throughout the United Kingdom and the twenty additional outlets opened during the year increased the network to 147. A pleasing aspect of our expansion is the promotional opportunities it offers to all members of our staff in line with our policy of promotion from within.

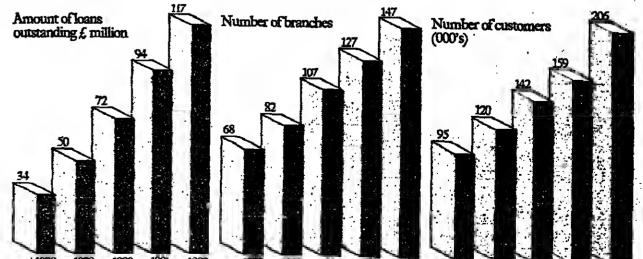
A number of new services are currently being developed to meet our changing pattern of business and, as part of our corporate plan, Mr. Brian H. Weston, F.LB., was appointed Deputy Chairman in December 1982. This is a newly created position.

The Directors regard the results as being most satisfactory and would like to record a special word of thanks to all our staff, without whose conscientious hard work these results would not have been possible.

Mr. Ian Martindale Chairman and Managing Director February, 1983

to 206,000.





HFC Trust is a member of the Household International Group with worldwide assets of £4.7 billion.

Copies of the Report and Accounts are available from The Treasurer, HFC Trust Limited, Cory House, The Ring, Bracknell, Berkshire, RG12 1BI_

Telephone: Bracknell (0344) 24727.

SHTS"

39] /(4 3 m)

First quarter gain for National Freight

INCLUDING property surpluses, the National Freight Consortium has turned in a profit before tax of £2.5m for the 12 weeks ended De-

For the rest of the year the directors expect to see a further im-provement in the trading position, a downward movement of interest rates towards the end of the year, and a continuation of the property

A first interim dividend of 5p net per share is declared. Earnings on 5 net distribution basis were 32p.

of £800,000. This was supplemented by a £1.7m profit from the disposal of surplus properties. This helped towards the debt reduction pro-gramme and £5m of the Consortium's £51m medium term loan was repaid to the banks more than 12 months ahead of the required date. With the continuing benefit of lower interest rates, the finance charge was only £2.5m.

After tax of £200,000 the profit attributable was shown at £2.4m, of which the interim dividend absorbs

The Consortium is 82% per ce In the period, turnover came to owned by its employees and 17% £130m, and the trading profit to per cent by a group of major UK £3.5m after redundancy payments banks.

EQUITIES 6:8 146 129 3:1 238 140 3:1 238 140 3:4 100 100 3:1 158 120 3:4 112 90 3:4 112 90 4:4 128 306 7:1 255 306 7:1 255 306 105 85 1105 85 105 85 125 100 29 24 104 89 182 340 255 3/5 25 21 5.5 2.04

FIXED INTEREST STOCKS

1.156

price : E	Renunc	198s Nigh		Stock	Closing price &	+0
97.504 £25 99.431 £20 4 £10 4 £10 4 £10 - 1 £1	Ξ	98 291 ₈ 211 ₈ 111 ₄ 224p 180 1001 ₄ 1005 ₆ 255 ₄ 28	12 11 2120 86 10 99 100	Anglo-Nordio 102 Cnv. Uns. Ln. 1989. BOC 12143 Uns. Ln. 2012-17. Birmingham 11142 Red. 2012. East Surrey, Water 73 Red. Pref. 1988 Electro-Protective 75 Cnv. Prf. European Inv. Sk. 115 Ln. 2002. Mid Sussex Water 73 Red. Pref. 88-90 Nationwide Bdg. Soc. 11763 Bds. 25/158 Do. 11763 Bds. 15/294. Pearson ISI 183 Uns. Ln. 2007 Eweden 1355 Ln. Stl. 2010. Transcont. 95 Cnv. Ret. Uns. Ln. Nbs. 1885	19 134 11 2120 8919 1012 1004 1004 2434 264	10
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"RIGHTS" OFFERS

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price : 5	date	High Low		§ a	
60 F.P.	28/1 18/2 4/8 28/3 28/1 18/2 28/2 9/3 7/3 15/5 21/2 7/4 14/2 11/8 21/7 7/4 7/2 21/3 11/8	1 370 94 1 357 96 1 27 108 1 27 108 1 29m 124pm 20pm 14pm 144 130 79 65 50 51 364 32 50pm 48pm 122 105 2 105 2 105 2 105 3 105	AGB Research 10p		+t +2 +1 +t +t +t

Renunciation date usually last day for dealing free of stamp duty, a Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital. If a saming the dividend and yleid, a Forecast dividend: cover based on full capital. If a saming the dividend and yleid, a Forecast dividend: cover based on prospectus or other official extinators for 1983. Q Gross. I Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. I placing price. Places unless otherwise indicated. I taked by tender. I office price. Places unless otherwise indicated. I taked by tender. I office price. Places unless otherwise already waived dividends, amounting to restricted dividends in marper or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction. In Issued to termer organization merger or take-over. Il introduction termer organization merger or take-over. Il introduction termer organi

Bath & Portland £1m ahead for full year

A BETTER than expected second neering £43.37m (£39.87m) and half, with taxable profits of £2.08m £271,000 (£1.02m); agricultural against £1.77m, left Bath and Port £12.25m (£11.9m) and £304,000 land Group 37 per cent ahead at £3.85m for the year to October 31 against £2.8m last time.

This was despite a substanbal fall in profits earned by the building and civil engineering activities, where overseas margins were disappointing. All other divisions pro-

Earnings per 25p sbare are stated higher at 13.35p (9.97p) and the year's dividend is being raised to 6p net (4.5p) with a final of 3.5p (2.5p). Net assets per share are given as 116.4p (107.3p).

The directors point set that was the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rationalisation nearly (£380,000) and earnings per successful the group's rat

(£83.53m) and pre-tax profits shows: ject, said a prototype was about to minerals £19.8m (£17.38m) and go into operation. Another £500,000 £1.7m (£1.32m); building products was to be committed this year on £3.58m (£2.53m) and £613,000 top of the £1.5m investment already (£455,000); building and civil engi-involved

(£222,000); measurement and control £6.74m (£6.28m) and £742,000

(nil): interest receivable £68,000 (£541,000 payable).

Tax took £1.27m (£1.09m) leaving net profits of £2.58m (£1.71m). After a surplus on debenture redemption of £4,798 (£30,224) and an extraordinary credit of £110,386 (nil), attributable profits emerged at £2.69m (£1.74m). Dividends absorb £1.18m (£824,525).

Current cost adjustments re-

her substantial improvement. describing the progress of the Medi-A breakdown of sales of £39.43m tech brain and body scanner pro-

He said the machine will cost "dramatically less" than a rival Japonese system. There could be a market for 100 machines in the UK and between 200 and 300 in Europe. trol £8.74m (£5.28m) and £742,000 (£599,000); engineering £3.88m Mr John Clarke, chief executive, (£5.59m) and £94,000 (£259,000 losses); associated profits £60,000 (nil); interest receivable £68,000 il engineering capability, the profit performance – down from over £1m to £271,000 – had been disappoint

ting.

The general hullding and property side both made a contribution but there were problems on the civil end side, with overseas margins disappointing and problems on the £40m Hong Kong railway contract.

Elsewhere in the group, he said hopes were being pinned on the minerals division. This year £5m would be spent on developing some of its quarries, particularly in North

The fertiliser husiness had faced fierce price competition from ICI and Fiscos and Mr Clarke admitted the group, which wanted to reduce its involvement, had received approaches for the operation.

Diploma improves at half-year with gains in market share

BY OUR FINANCIAL STAFF

DIPLOMA, the alectronic components, engineering and building group, increased its profits before tax for the half-year ended Decem-her 31 1982 from £2.61m to £4m. The directors are raising the interim dividend from L2p to 1.5p net, in part to reduce the disparity with the

The financial period this time runs for 15 months to September 30. Mr Christopher Thomas, the chairman, believes the group will be fortunate to continue the first-half rate of profit growth throughout the second financial period.

For the previous full year ended June 30 1982, the group made a profit before tax of £6.68m and paid a dividend of 4.6p.

Mr Thomas says most units performed above expectations and the aim of increasing market share without allowing margins to slip was largely achieved.

Profits from electronic compoent distribution were substantially increased in a sound if patchy market place. Months in which overall demand was good were inter-

spersed with months of low demand, but turnover and profits in-creased above the level of the market place, continuing Macro's progression as the major active component distributor in the UK.

Market share was also enhanced with Access and Amex. The former consolidated its position as the number three distributor for Texas Instruments and was also in profit for the period. The third member of this sub-group, Alpha, launched its in mid-January and early signs are good, say the directors.

Nortronic produced excellent figures from the capacitor market. Robert Lee experienced better conditions with recovery from the home improvement sector as well

as the mostly indirect benefit of growth in the bouse building market. The result was again subject to much low price competition, but a good performance from all three crease through into a good recovery

In the manufacturing division, (£1.46m) for eabut again in the huilding related (5.61p) per share.

performance with nearly 50 per cent increase in turnover. Higher steel and operating costs allied to a very compebbve market place kept the profit increase to around a

Results from Henry Whitham fell a little short of those for the corresponding half-year, which was considered a worthy achievement in its markets. However, order intake did suffer substantially and prospects for the immediate future are relatively poor.

There is no likelihood of the big increase in last year's second half being repeated and Whitham's rate of profits will be down overall on

Sales for the half-year advanced from £22.18m to £27.85m. After tax of £1.85m (£1.06m), minoribles £120,000 (£97,000) and preference dividend £1,000 (same), net profit attributable to ordinary was £2.04m (£1.46m) for earnings of 7.82p

Ernest Jones profit slumps to £168,000

BY OUR FINANCIAL STAFF

WITH TRADING conditions the most difficult in its history, pre-tax profits of Ernest Jones (Jewellers) slumped from £1.11m to £188,009 for the year ended October 2 1982. At halfway, taxable figures of this retail jeweller were down from £1.08m to £585,000.

The board, however, has taken positive and aggressive action to counter the effects of the worsening economic and trading conditions, These measures are producing results which meet its projections.

Mr E. Weinstein, the chairman, sures would continue to be successful and would enable the group to achieve improved levels of profita-Trading during the first quarter

the important Christmas trading period, exceeded the board's targets and showed a substantial increase over the previous year. However, in the light of the con-tinuing recession and the fall in consumer demand, the chairman remained cautious about forecast-

ing an early improvement in trad-

of the current year, which included

Although full-year earnings per

Retail Jeweller	*	
Year to Oct 2	1982	t981
	2	3
Sales	2.95mt	9.58mt
Pre-tax profit	168,000	1.11m
Tax	188,000°	370,000
profit	356,000	738,000
Earnings per	• • •	
share	3.6p	7.3p 3.9p

said he was confident that the mea- had been rationalised and even spite the addition of four new trad-

He added that operating costs which came within the group's contro) had been closely monitored throughout the year and these had been contained well within target

Expenditure during the year on fixed assets amounted to £475,000, which resulted in an increased de preciation charge against profits of £371,000 in 1981-82, compared with

There was a tax credit for the year of £188,000, compared with a

Commercial Union 12 MONTHS REVIEW

to 31st December 1982

The Board announces the following unaudited results which have continued to be adversely affected by the depressed world economic conditions and the substantial weather related losses sustained during 1982 amounting to £41m more than the previous

	Unaudited £m	Published Em
PREMIUM INCOME		
Life	370.1	330.4
Non-life	1,808.0	1,514.5
Total	2,178.1	1,844.9
Investment income	253.4	201.0
Loan interest	(9.9)	(9.3)
	243.5	191.7
Life profits	40.7	25.1
Underwriting result (analysis below)	(271.5)	(131.9)
Associated companies' earnings	8.8	4.6
PROFIT BEFORE TAXATION AND MINORITIES	21.5	89.5
Taxation and minorities	<u>(7.7</u>)	(21.5
PROFIT AFTER TAXATION AND MINORITIES	13.8	68.0
Balance of life profits 1979/81	28.2	_
	42.0	68.0
Reorganisation costs (after taxation) - see below	(12.9)	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	29.1	68.0
EARNINGS PER SHARE		
Excluding balance of life profits 1979/81	3.33p	16.54p
Including balance of life profits 1979/81	10.19p	
SHAREHOLDERS' FUNDS	£1,047m	£824m
	£m	£m
UNDERWRITING RESULT		
United States	(198.0)	`(85.6)
United Kingdom	(44.8)	(11.3)
Netherlands	(13.0)	(7.7)
Canada	(7.8)	(23.0)
Rest of the World	<u>(7.9</u>)	(4.3)
	<u>(271.5</u>)	(131.9)

Non-life premium growth was 19% in sterling terms (1981 29%), but after allowing for the effect of changes in rates of exchange the underlying growth was 8% (1981 16%). This level of underlying growth was sufficient in maintain our existing share of the major markets in which we trade. There was also a satisfactory growth in life premiums.

Investment income, net of loan interest, increased by 27% (1981 34%). After allowing for the effect of changes in rates nf exchange, the underlying increase was 16% (1981 20%), largely due to the continued effect of high interest rates.

Life profits before taxation increased from £25.1m in 1981 to £40.7m in 1982, due to improved results in both the United Kingdom and the Netherlands. These profits for the year, after allowing for taxation, have now reached the level of providing over 50% of the cost of the present dividend.

In the United States, non-life premium income increased by 8% in local currency (1981 23%) and, although nur growth was lower than earlier in the year and in 1981, it remained higher than the average for the industry. The statutory claims ratio m earned premiums was 86.0% (1981 73.5%), reflecting the increased weather related losses, the effect of competitive market conditions and the strengthening of claims provisions. The commission and expense ratio in written premiums was 34.5% (1981 34.6%) and the statutory operating ratio 120.5% (1981 108.1%). The marked increase in the claims ratio during the last quarter was largely the result of material strengthening of claims provisions in workers compensation and liability classes, which were adversely affected by the recessionary conditions. We were adversery attrected by the recessionary conditions. We estimate that our claims provisions were strengthened by about £20m in the last quarter. Action was taken during the year to increase rates, particularly in personal lines, and to reduce operating expenses generally. The benefit of this action will be seen in 1983 and 1984.

In the United Kingdom, intense competitive pressures adversely affected the underwriting operations and, combined with the worst weather conditions for many years, made 1982 an exceptionally poor year. Our inability m obtain adequate rate increases for personal and commercial business, together with a general increase in the number of claims, contributed to this

In the Netherlands, despire a deterioration in the underwriting result, the overall profit improved satisfactorily due to increases in life profits and investment income. Non-life premium income was slightly lower than last year, with all classes being affected by the economic recession and intense

In Canada, significant rate increases in motor and personal property classes contributed to the improvement in the underwriting result. The level of non-life premium income was maintained in spite of intense competition and our insistence

The underwriting loss for the Rest of the World reflected adverse experience in most Western European territories, partly offset by increased underwriting profits in the Far East and other overseas areas.

The introduction of new processing and communication systems for our United Kingdom operations has enabled us to implement plans to reduce expenses. This will be achieved by a voluntary severance programme m reduce overall staff levels by 15% by the end of 1983 and m relocate approximately 1,200 staff in offices outside the centre of London. The decision has also been taken to reduce staff levels within our Belgian operation. The overall related cost, estimated to be £12.9m after taxation, has been provided for in the profit and loss account as an extraordinary item.

The solvency margin at the end of 1982 was 58% compared with 54% at the end of 1981. This reflects a substantial increase in the value of investments during the year. In 1982 there were net realised investment gains of £70.8m after axation and net unrealised gains of £101.1m.

The Directors believe that it is appropriate to maintain the dividend at its 1981 level in order in provide stability of income to shareholders. The Directors accordingly recommend income to shareholders. The Directors accordingly recommend for payment on 17th May 1983 a final dividend on the ordinary shares of the Company of 6.950p (1981 6.950p) per share. This, together with the interim dividend of 4.850p (1981 4.850p) per share paid in November last, gives a total dividend for the year of 11.800p (1981 11.800p) per share. These dividends, including preference dividends for 1982, amount to £48.7m (1981 £48.5m) and require £19.6m to be transferred from retained profits and reserves. UK resident and certain foreign share-holders will be enrished to an imputation tax credit of 5.057p (1981 5.057p) per share at current rates of tax, making a gross dividend for the year nf 16.857p (1981 16.857p) per share.

The results of the Company's operations have, as usual, been converted at the rates of exchange prevailing at the close of the periods reported. These were as fullows:-

1982 \$1.62 Netherlands FIs4.72 Canada. \$2,00 \$2.26

This announcement does not constitute full accounts for the year. Copies of the full accounts which have not yet been reported upon by the Auditors, will be circulated m share-holders on 24th March 1983 and delivered to the Registrar of Companies after approval at the Annual General Meeting which will be held on 18th April 1983.



The state of the s

FT COMMERCIAL LAW REPORTS

- No writ to be served on foreign oil companies

MULTINATIONAL GAS AND PETROCHEMICAL CO v MULTINATIONAL GAS AND PETROCHEMICAL SERVICES LTD Court of Appeal (Lord Justice Lawton, Lord Justice May and Lord Justice Dillon): February 16 1983

entitle the plaintiff to leave to serve non-resident defendants out of the jurisdiction where those defendants were not proper parties to the action. The Court of Appeal Lord
Justice May dissenting, dismissed an appeal by tha
ilquidalor of Multinational Gas
and Petrochemical Company
1" Multinational "), from a

l"Multinational"), from a decision by which Mr Justice Peter Gibson refused leavo to reter Gibson refused leave to serve proceedings out of the jurisdiction on non-resident defendants named in a writ served on Mnitinational Gas and Petrochemical Services Ltd, Multinational's agent in London. The writ was issued by Multinational against 13 defendants including Philamkers 1a wholly-owned subsidiary of Philips Petroleum), Societe Anonyma da Gerance et d'Armement (2 French company), and Bridge-slone Liquified Gas (a Japanese

Order 11 rule 1 of the Rules of the Supreme Court provides: "(1) . . service of a wril out of the jurisdiction is permissible with the leave of the court . . . (h) if the action begun by the writ is founded on a tort com-mitted within the jurisdiction 11) if ... a person out of the jurisdiction is a necessary or proper party [to the action]."

LORD JUSTICE LAWTON said three multinational oil com-panies decided to join together in a commercial enterprise, Multinational. To avoid making it liable in British taxation they formed a company in the UK to

formed a company in the UK to act as its agent.

The agent had offices in London and advised Multinational about husiness and finance. Multinational, which was meorporated in Liberia with a head office in Monrovia, had no place of business in the UK or anushare class.

or anywhere else.

The three oil companies following Distillers v Thompmonialed Multinations)'s directors. They met in New York, Paris in Copenhagen to make decisions. Paris no Copenhagen to make decisions.

Multinational started trading in 197t. The market turned against it and in September 1977

The answer was clear. It arose

It indowed that Multinational could not complain about what in law were us own acts. There were no grounds for adjudging that the oil companies as shareholders were undar any duty of

it had to cease trading. The estimated deficiency as regards ereditors, was £113.85m. The only assets within the jurisdiction of the court were bank accounts worth between £300,000 and £400,000.

A missel, but disagreed on the court was founded on a lort committed within the jurisdiction.

A winding up order was made on January 25, 1978. The agent was ordered to be wound up on February 7, with assets of about The principles to be considered to be

were resident outside the juris-diction. The three nil companies did not offer to discharge Multi-national's liabilities. Its credi-tors wanted action taken against

national applied to the Registrar for leave to commence an action ngainst the agent informing bim that the agent might have claims against those to whom Multinational was looking for relief.

The nrdec was made and the properly brought against a party within the jurisdiction if it was bound to fail: The Brubo [1948] AC 326, 340).

Mr Justice Pater Gibson found that the predominant reason for bringing the action against the them On April 25, 1980, Multi-national applied to the Registrar

national was looking for relief.

The nrdec was made and tha agent was served. Nine of the 13 defandants named in the writ were resident outside tha jurisdiction.

Multinational sought leave to serve the writ out of the jurisdiction under RSC Order 11 Rule 1 (1) or (h), on the ground that Leave was refused by Mr Justice Peter Gibson. Multinational's claim against them and the agent was bound to fail. They submational appealed from his mitted inter olio that the oil decision.

mitted inter of to that the oil companies, as sharebolders of Multinational's creditors were not interested in the agent, save as a route by which they could reach the oil companies.

It was submitted inter of to the oil companies.

When the oil companies were those with whom Multinational did business.

Multinational's liquidator was advised that there was evidence that the agent bad acted negligatily when providing financial information for Multinational. It would however be mable to satisfy any judgment against it. All those who would be able to satisfy a monetary judgment were resulent outside the jurisdiction was to obtain service outside (Sharpels r Eason were resulent outside the jurisdiction was to obtain service outside (Sharpels r Eason (1911) 1 R 436); that the face or predominant reason for beginning the action within the jurisdiction was to obtain service outside (Sharpels r Eason [1911]) R 436); that the fact that the party within the jurisdiction would be unable to satisfy tion would be unable to satisfy judgment did not in itself mean that the action was not properly brought; that an action was not properly brought against a party

Mr Justice Pater Gloson round that the predominant reason for bringing the action against the agent was to enable an applica-tion to be made to serve out of

as a route by which they could reach the oil companies.

It was submitted that the oil companies, approved what companies' decisions were the end-product of negligence which began to the jurisdiction, in that Multinational's directors bad done, there was no cause of action hecause at that time there was no damage. What the nil the agent in London negligently to prepare imadequate financial setumates.

Following Distillers v Thompson [1971] AC 458, 468 and look.

For Indianational's action for the jurisdiction.

For Multinational: John Chod-wick QC and Mertin Keenan (Stephenson Horwood).

For Phillips: Allen Heymon QC and Robin Hollington (Fresh-fields).

For Saga: Andrew Bateson QC and Michael Tugendhot (Lewis, Sang) [1971] AC 458, 468 and look.

Men the oil companies, approved what the followed that time there done in the jurisdiction.

For Multinational: John Chod-wick QC and Mertin Keenan (Stephenson Horwood).

For Phillips: Allen Heymon QC and Robin Hollington (Fresh-fields).

For Saga: Andrew Bateson QC and Michael Tugendhot (Lewis, Stareholders in agreement with each on the sprice out to the providence of the file of the f It followed that Multinational could not complain about what in law were its own acts. There

were no grounds for adjudging that the oil companies as share-

question whether the action was properly brought against the agent. He said that there was a genuine desire to establish the claim against the agent and that the action had been brought properly and in good faith. Mulninational had, however failed to make out that the non residents were proper parties to the action. The courts should exercise great care before they subjected to the jurisdiction

pute between foreigners over the affairs of a foreign company. Those factors outweighed the factors which favoured granting LORD JUSTICE MAY, dissenting, said that an action brought against an English defendant, against whom an arguable cause of action was shown, could not be described, in the absence of

mola fides, as one which had not been properly brought. The fact that the agent was a pauper and the motive for suing it in England was to enable Multinanonal to sue the hon-residents was Irrelevant. If the action against the agent was properly brought, then the other defendants were proper parties

Multinational's claims against The action had a substantial connection with the UK and was a proper case for service out of the jurisdiction.

For Bridgestone: Donald Nicholls QC and R. G. B. McCombe (Linklaters and Poines 1.

By Rachel Davies

Berrister

22 Financial Times Wednesday	February 23 1983
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Financial Times Conferences

The programme for 1983 includes the following conferences:—

THE EUROMARKETS IN 1983 London, 8 & 9 March, 1983 THE OUTLOOK FOR WORLD GRAINS London, 22 & 23 March, 1983 VENTURE CAPITAL Edinburgh, 21 & 22 April, 1983 THE OUTLOOK FOR MOTOR COMPONENTS Geneva, 1 & 2 June, 1983

This conference will coincide with SITEV '83—the tenth international exhibition for the suppliers of the vehicle industry.

Details of the conference programmes and registration procedures can be obtained from:

The Fluancial Times Limited Conference Organisation Minster House, Arthur Street London EC4R 9AX

Tel: 01-621 1355 Telex: 27347 FTCONF G 'Cables: FINCONF LONDON

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•	O Financial Times Wednesday February 23 1983 Black Norse Life Ass. Co. Ltd. C.T. Management Ltd. 71 10mbard St. EC3 01 523 1266 76 February Circle Lond EC2M 703 01 528 8131		Hambros Fd. Mgrs. (C.).) Ltd. Quilter/Neinold Commodities
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The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday each month. The following are closing prices for February 22.

ILS. COLLAR STRACKITS	ksumi	Di.	Offer	Change on dry weak	Yield
Amex 0/6 Fin 1414 89	15		1121/2	0 +14	11.43
Amio Benk 13 89	200		165%	+814 -074	11.76
9KP Finance 14-4 89	150		198%	+81/a +11/a	12.77
Brisish Col Hvd 1434 85	200	113	11316	+8% +8%	11.61
Bratist Col Hyd 151/4 82					
Constant 14 to 27	190 750		11874	+014 +14	12.20
Canada 143/8 87			11234	+8Va +81/2	10.68
Canadair Ltd 121/2 89	115		185%	+8Vs +1	11.28
Canadian Wheat 11% 90	\$ 0		1384	+01/a +11/a	11.28
Can Pac Ltd 14% 92	15		1101/2	+0% +2%	12.72
Can Pec Sec 10 89	75	169	105%	-0% +8%	12,74
Giocorp D/S 15 84/02	100		105%	0 +0%	5.97
Doca Cole lot 97/s 82	100	24	241/2	€ −81/2	19.85
Coca Cota let 1134 89	100		105¾	-814 +01/2	10.32
Credit Suisse 10 V: 89	100	101%	182%	8 +0%	16.64
Deutsche Bk Fin 14 4 88	360	11014	11074	+01/6074	11.86
Do Port 1114 55	150	19975	1013	+81/4 +11/4	11.07
Dis Pont 14 Vs 89 V/W	200	1981/2	1027/4	-8% ±0%	12.12
E.O.C. 10% 00	100	100	1884z	-01/1 +87/4	10,87
E.O.F. 1234 87	150	10374	16474	+02/1 +07/1	11.56
EEC 111/2 95	200		93%	6 + 874	11.73
E.I.B. 151/2 92	190	1141/2	114%	+04a +14c	12,75
Exp Dev Corp 11-44 97	100	183	183 Vz	-0Va +1	18,80
Feranarka 13% 92	75	1043	16474	-04 +04	12.85
Saz de France 12 Vs 93	178	18Va	195/m	8 -1Va	12,34
Gen Elec Credit 944 01	180	141/e	14%	6 +0%	10.77
Gen Elec Credit 12 89	100	1074	18745	-04 +14	t9.37
Getty Cili lot 14 89	125		10875	-04s +85/s	12.03
GMAC 0/S Fin 101/2 98	200	57 1/2	98	0 -1	10.87
OMAC 0/8 Fin 18 01	100		1104	-84s +95h	11.81
Gulf 00 Fin 12 Va 87	100		1984	-81/a +87/s	18.53
IBM World Trade 121/4 62	200		19844	-01/2 +81/4	18,58
Licyds Euro 1117 84	100		18%	-04 -6h	11.63
Menitoka Prev 1144 89	125	103	1031/2	+01/6 +05/6	11.82
Manituba Prov 1344 89	100	100	189 Vz	+81/2 -04/0	11.63
Midfand Int Fin 11 1/2 02	150		1801/4	+81/0 +01/2	11.50
Mad Wast Fin 1134 92	150		101%	+81/4 +83/4	11.48
New Bronswick 15V4 87	75 75		11376	+0Vs -8Va	11.27
Newtoundard 151/2 90	75 78	1101/2		+846 +81/2	13.11 12.23
Ontang Hydro 11 44 88	200	1121/2	163%	+84a +1	10 57
Ontario Hydro 1234 92	200	105 72	1051/2	+046 +11/2	11.01
Omario Hydro 15 92	150	115	1181/2	-81/x +03/4	12.10
Prudential G/S 1244 87	150		19734	+8Vs -1V4	18.58
Duebec Hydro 11 Vs 02 0	100		1007	+044 +044	11.50
R. J. Reycolds 124 98	100		1061/2	0 +07s	11.32
Sesketchewap Prov 18 82	150	11334		-0% +1%	12.31
Shell Conada 14-Va 92	125	1981/x		+11/2 +1/2	12.01
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7		100		1804	- B1/4	0	É 113	Swed Exp CR 12 Va
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2	Caisse Not Tale 744 93	200				-0Vs	7.77	Thomson Brand 12.
4	E.C.S.C. 1 1/2 83	150		981/2	8	-DAR		Apriles 91/2 81 Fl
1	ECSC 8 94	20G		1081/2	-84	_	7.87	
?	E.E.C. 0 84	200	100	180%	<u>.</u> .	-842	7.94	Appro Bank DVs 87
2	E 1.8. 81/4 92	200		101%		-846	8.61	Reder Midble 01/4 8
7	GKN 874 88	100		997		-846	8.56	Medilorei Grp 104s
6	Goeld Int File 81/4 83	15		182%	8	0	7.66	Van Lanschot 101/4
3	H.J. Hejaz Im 634 88	50		991/2		-97/4	8.96	World Bank 10 91
5	int-Am Dev Bk 6 Va 93	150		1003/2		-8V4	8.24	O.K.D. 14 88 FF
0	Ireland 87/s 81	150		1081/2		-61/6	8.84	Selvey & Cie 1444 I
5	ITT Actilles 1 93	200		974s	0	-D3/6	7.36	B.F.C.E 141/2 81 £
4	McDonalds Fin 71/a 92	100		108Vs	0	6	7.18	CECA 13V 88 6
7	Mitsubiski Heavy 74's 87	150	1081/2		0	-8v4	7.42	C.N.T. 1212 89 E .
7	Norsk Hydro 8 92	100		195%	8	-275	0.17	£££ 117± 91 €
3	O.K.B. 074 89	180		1031/2		-0-/e	8.22	Fin For Ind 1244 98
7	Swindow Kingdom DVa 88	150	101%		0	0	7.90	Fin Max Oran 125%
1	World Bank 1 1/4 83	200		B7 4e	0	-01/2	7.60	Gen Elec Co 121/2 8
3	World Back DVs 92	200		10214		+814	7.84	Hiram Walker 141/s
8	As. price change	5,00 da	y + Va,	OH West	-40			Mort Bk Fin 1134 8
3					_			Norsk Hydre 12 90
2	SWISS FRANC		PC.		Chang		Yeski	Norsk Hydro 141/7 (Owahac 141/2 89 E
3	STRAIGHTS	Issued 100	86d 89	Offer 99Va	day 1	6	4.98	S.O.R. France 181/2
	American Egress 4% 93	100	8834		-014		0.01	S.E.C.F. 111/2 89 f
,	Asian D.S. 57/s 95	100		181Va	-01/4		0.05	1eagec Int 1444 9
:	Soweter for Fin 6 92	196		16374	-81/2		5.51	World Benk 11% 9
:	Chugoka Ele Pow 6 1/2 91	100	18374		0	-81/4	0.50	Eurofice 10 1/2 87 I
,	Europarat 61/4 82	100	102	10244	ŏ	814	5.44	Emagerat 121/2 82
:	Ex-Im Japan 5 93	100		3942	-B1:s		0.86	COMPANS 1272 02
	Pirst Universitate O 92	120	104	10444	0	-8Ve	1.44	FLOATING RATE
	Gez de Franca 6 93	100		16274	+914		5.04	ACTES
	HCA Finance 8 93	100		9814	8	-i	5.16	Bank of Tokyo SV4 (
;	Japan Dev Bk 8V4 92	100	1011/2		ŏ	-834	5.03	6.F.C.E. 5Va 88
ì	KLM Dusch Air 6 Va 82	28	104	10444		- 574	5.68	B.F.C.E 8Ve 81
i	Kyoshu Elac Power 6 02	100	182	10214	ŏ	-01/2	5.71	Caisse Mat 1ele 5V4
i	New Zealand 8 Vs S2	100	102	1024	+844	- 8Vs	4.97	Cegrae 5V4 82
,	Nimora Francese Co S S3	50	182	102V4	-81/2		5.71	Chemical NY 51/4 D/

FOI					Chapter	10 00	
day	YEN STRAIGHTS	kenned	350	Offer		yaqak	Yes
	Australia 65/1 92	15		106%	+04	-04	7.73
	E10.814 87	15		183%	-81/6	- 0V2	7.83
1 f.05	Jacon Airlines 1% 87	61		101 Vz	-01/2	-0%	7.58
11.44	New Zesland 8% 87	15	1831/0	1841/z	+5Y2	-6%	7.44
11.01	World Rank 83/n 67	20	103	194		-074	7.82
	Av. prica chas	ges: ad	day 8, c	m repaix	_1/4		
							
			94	Offer	راهي محم		Yield
Yield	OTHER STRAIGHTS	lasced 50t		1134	-	T	13.27
0.11	Best Cal Tel 17 Ve 88 CS Can Unitains 17 07 CS	351		115Va	ă	+014	12.43
9.28 T. 63	Gat de France 15 88 CS	751		10514	-044	-8V2	13.54
7.26	Gaz Metro 141/2 62 C\$	401		1851/2	Ð	+0V2	13,52
7.09	0.K.B. 194 88 CS	631	110	116	+81/2	+8%	12.89
7.60	Duebec Hydro 14 62 CS	Būt	197	1871/2	+8Ya	8	12.63
£ 03	Swed Exp CR 12 Va 88 CS	50t	88%	8976	0	-81/6	12,49
8.03	Instand 1274 90 Ecs	30	1001/4	10176	6	+81/2	12.51
7.77	Thomson Brand 12.5 87 Ecu	40	100	181	+94	6	12.33
7.87	Apriles 91/2 81 Fl	60		104%	-846	-64	1.33
7.94	Apero Bank 0 Vz 67 R	189		185%	-814	-8%	8.57
8.61	Reder Midbk 01/4 81 Fl	100		10454	-87%	-9% -0%	0.10 8.82
8.56	Mediloys Grp 10 % 87 F	75	195	1851/2	-84a -844	87/2	8.00
7.88	Van Lanschot 1014 01 Fl	50		108%	-8Vz	-04	in
8.96	World Bank 10 91 Fl	100 400		19734 9834	0	+81/4	14.76
8.24 8.84	O.K.D. 14 88 FF Selvey & Co 1434 88 FF	200	38%		ă	+674	15.98
7.36	B.F.C.E. 141/2 81 £	30		105%	ă	+874	12.49
7.18	CECA 13Ve 88 €	20		1937/		+844	12,59
7.42	C.N.T. 1242 89 E	20		88%	•	+874	12,75
0.17	EEC 11% 91 £	50		9654	6	4 2 V 4	12.62
2.22	Fin For Ind 1244 98 £	30		108%	-5%	+84	12.24 13.14
7.90	Fin Max Orani 12% 92 £	30	2176	22% 194%	•	a	11,62
7.60 7. 8 4	Gen Sec Co 1242 88 £ Hiram Walter 1414 83 £	50 25		105%	ë	+87/4	12.25
7.84	Mort Bt Fin 1174 89 £	10	221/2		ā	•	13.48
	Marsk Hydre 12 80 £	30	25	2874	-5Vz	-874	13,04
	Morsk Hydro 1447 B7 E	30	18514		0	+87/2	12.48
Yield	Quebec 14% 89 £	30	1841/2		-814	<u>e</u>	13,28
4.98	S.O.R. France 18 1/2 82 £	30	184V4		8	+5%	14.51 13.87
8.81 0.05	S.E.C.F. 11% 89 £	30 30		93% 107	ŭ	+01/2	12.58
5.51	World Bank 11% 91 £	75	244		-Bu	+814	12.48
0.50	Eurofima 101/2 87 Lucit	500	9774		0	-trva	10,53
5.44	Europeret 121/2 82 Lindfr	000	194	105	0	-01/0	11,66
98.8							
2.44	FLOATING RATE						
5.04	ACTES	Spread	Bid	Offer (16/6	C.cpn g2/4	C.yel 0.73
5.16 5.03	Bank of Toloyo SV4 81 (D) 8.F.C.E. SVs 88	01/4 01/4	186 98%	9970	20/7	174	1.33
5.68	8.F.C.E. 8Ve 81	0Ve	224	3944	27/7	8.94	82,0
5.71	Carisse Mat 1ale 5¼ 90	0 Va	991/4	90%	21/4	19.50	18.53
4.97	Cegme 5V4 82	044	9534 1081/2	9054	10/6	9.94	9.99
5.71	Chemical NY 5V4 84 tt	014		181	23/3	3.94	1.86
5.88	Credit Agricule 5Vs 81	074	98V4	95%	24/3	127/1	12.94 18.10
8.21 0.59	Credit du Mord 0 4 92	□ Ve	98Ve	89%	23/0	18¼ 12.19	12.25
8.82	Credit Lyonness 8 Vs 07	0% 0%	991/4	2974	5/7	974	9.80
0.36	Credit Not DVs 84 t f	874	9874	991/4		12.18	12,31
	Carry 188 11 to 12 to 1 to 1 to 1 to 1	314			-, •		
							_

in: The yield to redeseption of the mid-prism; the s

N. American Quarterlies

Malaysia loan expected

to invite participation in the syndication of a U.S. \$550m to U.S. \$600m Malaysia was able to borrow last 10-year loan, Renters reports from year.

Hong Kong.

Our Financial Staff adds that the

prime rates. The balance is to be arranged et a preferential rate made ture. Shrinking demand for the possible by a British-Malaysia tax

MALAYSIA is expected this week The Libor tranche compares with

The loan is expected to be in current Malaysian budget starting three tranches, one of \$300m at 0.5 January 1 1983 was heavily pruned points over London interbank of down to 28.75bn ringgits, including fered rates (Libor) and one of \$200m with interest based on U.S. down on the level originally projected to the level originally project the control of the level originally projected to the level originally project the starting that the level originally project the level origina the reasons given

EIB in \$100m Eurodollar bond

BY ALAN FRIEDMAN IN LONDON

THE European Investment Bank M Marchal is the man who re-yesterday launched its first Euro- placed M André George as the ollar bond issue of 1983 - a \$100m EIB's chief financial manager at eight-year 11 per cent deal priced at the beginning of 1983. Some bond 99% to yield 11.05 per cent at Issue bouses agreed the terms were price. The market turned a cold "tight," but said they participated shoulder, bowever, with a number because they wished to start off "on of bankers saying the coupon the right footing with the new man should have been 1/4 to 1/4 per cent at the EIR. higher than 11 per cent.

market follows yesterday's early improvement in the U.S. Treasury bond sector, the EIB issue could underwriters comes to 2 per cent.

go better if the market picks up."

None the less, if the Eurobond narket follows yesterday's early mprovement in the U.S. Treasury

Also out yesterday was the long-expected \$50m 15-year convertible Eurodollar bond for Nippon Oil. Nikko Securities, Robert Fleming, Fuji Bank and Yamaichl Securities just pull through as a result of the are all lead-managing the deal to-general upturn: Banque Nationale gether. The coupon will be 5% to 5% de Paris is lead-manager of the EIB per cent and the conversion prem-deal and the total commission for ium around 5 per cent.

In secondary trading the Euro-New issue managers cited a premarket price discount of at least 2
per cent, in some cases more. One
co-manager of the deal summed up
the situation this way: "The bonds
are not going well right now, but it
is Philippe Marchat's first deal and
is secondary trading the Eurobond markets had a reasonably
quiet day. Most active was the dollar sector, where prices were
marked % to % point higher, hringing the total mark-up so far since
Monday to around % point. The unis Philippe Marchat's first deal and
dertone is improving and the mar-I just hated to turn it down. It could ket is hoping more investors will return soon.

OILLETTE			IL LOWENSTEIN	<u> </u>	
Fourth quarter	1982	1981	Fourth quarter	1982	.1981
Communication	579 Sm	500 Am	Revenue	145.7m	164.5
Revenue	32.5m	25.0m	Net profits	4.8m	5.230
	1.07	. 0.85	Net per share	1.43	7.5
Het per share		C.QS	Year		
Revenue	2.24bn	. 2.33bn	Resemble	596.7m	601.3n
Net profits	135.1m	124.3m	Net profits	15.4m	17.40
Net per share	4,45	4.71	Not per shero	4.63	6.20
HANDY AND HARMAN					
· Fourth quarter	1582	1981	Fourth quarter,	1982	1981
Revenue	722.Acr	139.7m			
Net profits	918,000.	3.90m	Revenue	133.2m	1190
Net per shero	0.07	6.29	Net profits	6.4m	50
Year			Not plur shore	0,38	0.21
Reveaue	499.1m	611.2m		502.1m	445 8-
Not profits	8.35m	23,300	Revenue	320	274
Net per share	0.61	1.71	Net profits	1.90	1.00
HOLYDAY MINS					
Fourth quarter	1982	1941	MONASCO .	·	
Denimore	334.5m	320m	Fourth mustler ·	1962	1051
Revenue		13.0m			***
Net profits	0.29	0.39	Revenue	14% Bm	168.6m
Not per share	44.23	4.38	Net profits	17.8m	6.5
Year	4 800	1.35ba	Not per shere	11.20	0.96
Revenue	1.43ba		Tracket mentalists of the	. 11,20	Mr. Spi
Net profits	75.9m	137.3m	Revenue	569.6m	640.3m
Net per share	1,94	3.66	Not profits	. 17.6co	25.2m
			Het bec spine		
KENDE		<u> </u>	ient bet Butne sensenner	11.17 / Love	2.30
Fourth quarter	1982	1961			
		*			
Reverse	657.9ca	737.2m	HATIONAL CAN		
Net profits	17.7m	28.4m			
Not per share	0.83	. 1.30	Fourth quarter	1982	1981
Revenue	2,66bp -	2,85bn	Revenue	0.43	10.24

MANUFACTURERS HANOVER **CORPORATION** & Subsidiaries

DIRECTORS

FRANK A. BENNACK, JR.

MICHEL C. BERGERAC Chief Executive Officer

WILLIAM S. CASHEL, IR Vice Chairman of the Soard and Chief Financial Officer American Telephone & Telegraph Company

HENRY H. HENLEY, JR. Chairman of the Board and Chief Executive Officer Chieff, Peabody & Co., Inc.

BARRON HILTON Hilton Hutels Corporation JEROME H. HOLLAND

THOMAS M. MACIOCE Albed Stores Corporation

JOHN F. McGILLICUDDY Chairman of the Sward and Chief Executive Officer JOHN K. McKINLEY

Chief Executive Officer GEORGE B. MUNROE Charmon of the Board Phelps Oodge Carporate

CHARLES J. PILLIOD, JR. Chairman of the Board The Guodyear Ture & Rubber Company

JOHN R. STAFFORD

houman of the Board and

HARRY TAYLOR W. BRUCE THOMAS

CYRUS R. VANCE

tinged Stales Steel Corners JOHN R. TÖRELL III Executive Vice Chairman of the Board

Partner Sunpson Thacher & Bartlett MARINA v. N. WHITMAN

MANUFACTURERS HANOVER CORPORATION

Manufacturers Hanover, N.A., Rochester, New York Manufacturers Hanover Bunk (Delawars J. Wilmington, Delawars Manufacturers Hanover Continercial Corporation (Del.), New York, New York

Manufacturers Henover Leasing Corporation, New York, How York Manufacturers resource Mortgage Corporation, Farmington Hills, Michigan Manufacturers Hanover Trust Company of Florida, Miand, Florida Manufacturers Hanover Venture Capital Corporation, New York, New York

MANUFACTURERS HANOVER TRUST COMPANY

Manufecturers Hanover Asia Ltd., Hong Kong Manufecturers Hanover Assot Management Ltd. Goerssey, Channel Islands

Consolidated Statement of Condition, December 31, 1982

ASSETS	
Cash and Due from Banks	\$ 4,880,359,000
Interest Bearing Deposits with Banks	3,131,053,000
Investment Securities	2,526,621,000
Trading Account Securities	906,994,000
Federal Funds Sold and Securities	200,002,000
Purchased under Resale Agreements	855,337,000
Lease Financing Receivables	42.514.239.000
Lease Financing Receivables	3.149,687,000
Total Loans (Net of Unearned Discount	
of \$1,162,875,000)	45.883,928,000
Reserve for Possible Loan Losses	(370,802,000)
Net Loans	
	45,293,124,000
Premises and Equipment	523,337,000
Customers Liability on Acceptances	3,928,817,000
Accrued Interest Receivable	843,791,000
Other Assets	1,353,319,000
	\$64,040,552,000
	004,040,000,000
LIABILITIES	
Demand Deposits in Domestic Offices	\$ 8,949,992,000
Time Deposits in Domestic Offices Deposits in Foreign Offices	11,010,157,000
	23,864.521,000
Total Deposits	43,824,870,000
Federal Funds Purchased and Securities	
Sold under Repurchase Agreements	4.809.629.000
Short-Term Borrowings	5.088.310.000
Acceptances Outstanding	3,940,365,000
Accrued Taxes and Other Expenses	1,281,948,000
Other Liabilities	833.782.000
Long-Term Debt	1.688.332,000
Total Liabilities (Excluding Notes with	1,000,332,000
Mandatory Stock Purchase Contracts)	64 467 68 4 666
Manuatory Stock Purchase Contracts)	61,467,034,000
NOTES WITH MANDATORY STOCK	
PURCHASE CONTRACTS	100,000,000
SHAREHOLDERS' EQUITY	
Nonredeemable Preferred Slock (Stated Value \$50)	
Outstanding 8.000.000 Sheres	400,000,000
Common Stock (Par Value \$7.50)	400,000,000
Outstanding 34,941,902 Shares	282,064,000
Surplus	475,281,000
Undivided Profits	1.338.193.000
Total Shareholders' Equity	2,473,518.000
roun onerenomers Educk	2,4/3,310,000

World Headquarters: 270 Park Avenue, New York, N.Y. 10017 London Branches: City Office, 7 Princes St., EC2P 2LR Grosvenor Square, 88 Brook St., W1A 4NF

BRANCH OFFICES: Bahrain, Barcelona, Bucharest, Buenos Aires, Cairo, Disseldorf, Frankfurt, Guerasey, Hemburg, Haunover, Hong Kong, Madrid, Manila, Milan, Rome, Secul, Singapore, Isipel, Tokyo, Zurich REPRESENTATIVE OFFICES: Amman, Athena, Bahrato, Bangkok, Brijing, Beirut, Bogota, Bombay, Buenos Aires Ceiro, Carecas, Edinburgh, Franklurt, Jaharia, Kuela Lumpur, Lima, Lisben, London, Madrid, Manchester, Mexico City, Munich, Nairobi, Oslo, Paris, Ein de Janeiro, Santiago, Seo Paule, Stockhalm, Sydney Incorporated with Limited Liability in U.S.A.

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Manufacturers Hanover Export Finance Lid., London, England

Manufacturers Hanover Property Services Ltd., London, England denufacturers Hanover (Suisse), S.A., Geneva, Switzerland MH Credit Corporation Limited, London, England

Manufacturers Hanover Commercial Corporation, New York, New York MH/Edie Investment Counsel, Inc., Chicago, II., Ballas, TX, Houston, TX Modern Portiolio Yheary Associates, Inc., New York, New York

Manufacturers Hanover Leasing, SAE, Madrid, Spain Manufarturers Hanover Leasing, S.p.A., Milan, Italy Manufacturers Hanover Limited, London, England

Manufacturers Hansver Bank (Guernaey), Ltd., Guernaey, Channel Islands

FT COMMERCIAL LAW REPORTS

'Taking at sea' means capture

SHELL INTERNATIONAL PETROLEUM CO LTD v GIBBS
House of Lords (Lord Diplock, Lord Scarman, Lord Roskill, Lord Brandon of Oakbrook and Lord Brightman): February 17 1983

"TAKINGS AT SEA," for insurance purposes, means taking by "seizure" or "capture," and accordingly does not include misappropristion of cargo by a ship's master in the course of a voyage; but where the policy covers "perils of the seas," and provides that the right of recovery is not to be prefuded by shipowners' misconduct of the shipowners or their ser-theta section of the seas," and provides that the right of recovery is not to be prefuded by shipowners' misconduct of the shipowners or their ser-theta section or takings at sea."

Shell claimed \$56.32m from the loss of nearly prisals and takings at sea."

Shell claimed \$56.32m from the loss of nearly prisals and takings at sea."

Mr Pollock argued that there was a loss by what he called "deemed harratry."

"Barratry" involved a wrong-ful act being committed by master or crew to the prejudice of the shipowners.

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"Barratry" involved a wrong-ful act being committed by master or crew to the prejudice of the shipowners.

Mr Pollock argued that there was a loss by what he the saw. The words used, such the saw. "Burratry" involved a wrong-ful act being committed by master or crew to the prejudice of the ship was loss by "deemed barratry."

One only had to look at the phrase in its context in the list of perils insured against to see that that clause 8 provided that that the entire cargo was totally loss of nearly prejudice.

The Court of Anneal Season or takings at sea." duct, less of cargo through scuttling is recoverable in that scuttling is the direct

cause of loss. The House of Lords so held when dismissing an appeal by Shell International Petroleum

Conspirators, owners of the Salem, manued her with a master and officers who were parties to the conspiracy. They carried the cargo to Durban where they discharged 180,392 metric tons, for which they received 445m from Sauth Africa.

kings, princes, and people."

The Institute Cargo Clauses (FPA) was appended to the policy. Clause 8 provided ... the assured's right of recovery shall out be prejudiced by the fact that the loss may have been attributable to the case reached to a disbonest taking by the sblowner. If cargo interests to shipowner. If cargo interests to the Master of the Rolls and Lord Justice Kerr covery shall out be prejudiced by the fact that the loss may have been attributable to the

The Court of Appeal reversed that decision, but held that Sheli could recover in respect of the scuttling, for ioss by "perils of the seas."

The Brst question in the present appeal was whether the cargo was totally lost by "takings at sea."

C. A. V. Gibbs, representative underwriter, from a Court of Appeal decision that Shell was not entitled to recover losses claimed under a standard Lloyd's SG (ship and goods) policy in respect of cargo misappropriated by the ship's master, but was entitled to claim for loss of cargo caused by scuttling.

* * * *

LORD ROSKILL said that Shell bought a cargo of nearly 200,000 tons of crude oil to be shipped from the Gulf to Italy. k was deprived of it as a result of a gigantic fraud.

Conspirators, owners of the

That conclusion was tanta-mount to bolding that "takings at sea" included the rink of a shipowner wrongfully misapor-priating goods. If the decision were correct, it changed the meaning attributed to "takings at sea" for the preceding 300 or 400 years.

metric tons, for which they received \$45m from South African purchasers. They scuttled the vessel in the Atlantic on January 17 1980, and the balance of the cargo was lost.

Mr Justice Mustil was bound by that decision. But in his judgment (1982) 2 WLR 745, 764) he referred to a large number of well known textbooks on the law of marine insurance which elevals. The cargo was not insured which clearly showed that the against all risks. It was insured on a standard Lloyd's marina "takings at sea" formed part of policy in the SG form, by which the group of penils which the underwriters undertook to cover "perils . . . of the seas, actual arrests, restraints, and detainments of all kings, princes, restraints, and detainments of all books was there any bint that kings, princes, and people."

The lastitude Cargo Clause taking by the sologomer.

was attributable to the shipowners' wrongful act.
The submission failed because,
adopting the words of Lord
Juanice Kerr, "the one peril to
vaid must be taken to have been
concluded on the basis that that
case was correctly decided.

When a decision bad stood for
many years and could clearly be
shown to have been acted on
repeatedly, it should not be
lightly overruled. But there was
no known case where a decision
only a few years old, and agreed
to be wrong, had been deemed
to be right hecause of the principle of store decisis, especially
where it was but a single deviation from several centurtes of
orthodox doctrine.

Adherence to the heresy would

The Mandarin Star was

see The standard Lloyd's SG to policy did not cover wrongful misappropriation of cargo by o shipowner. If cargo interests required that cover, they must seak either an all risks policy or some other appropriate form of Alexandra and cross-appeal and cross-appeal should be dismissed.

Lord Diplock, Lord Scarman, Lord Brandon and Lord Brightman agreed.

For Shell: Gordon Pollock OC and Bernard Eder (Elborne Mitchell and Co.).

For the unit

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PAG KONG

ENGRLAND

BUARK

owners' wrongful act.

Adherence to the heresy would cause great practical difficulty. Were the decision in the Mondarin Stor declared to be the law, wrongful misappropriation by a shipowner of goods on board would be held to be capable of being a "taking at sea."

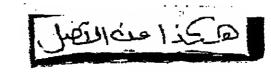
Endless disputes would then be likely to arise whether any such "taking" was a "taking at sea."

Acceptance of Mr. Bellocks.

Acceptance of Mr Pollock's submission would create uncertainty in an area where hitherto certainty had prevailed.

Having regard to clause 8, the final loss was hy perils of the sea. It followed that to that limited extent Shell could recover. recover,

By Rachel Davies



SECTION III CONTENTS

NEW YORK STOCK EXCHANGE 26-27 AMERICAN STOCK EXCHANGE 27-28 WORLD STOCK MARKETS 28 COMMODITIES 29 LONDON STOCK EXCHANGE 30-31 CURRENCIES 32

SECTION III - INTERNATIONAL MARKETS FINANCIALTIMES

Wednesday February 23 1983

EEC tackles its Mediterranean problem, Page 29

WALL STREET

The mixed blessing of cheaper oil

BACK FROM their long weekend, New York stock investors had to face the implications of several economic developments on the domestic and international fronts. The prospect of reducing inflation in the U.S. was seen to be enhanced by the cut in oil prices by Nigeria and the possibility of similar moves by the Arah members of Opec.

Optimism regarding inflation was fur-ther encouraged by the latest estimates of U.S. gross national product published by the Commerce Department, which indicated an upward revision of earlier data. The Department's report also showed that prices in the final quarter of last year were rising at a slower rate than in the previous three months.

But the oil stocks fell sharply as analysts calculated the reduction in profits likely to follow price cuts. This de-pressed the Dow Jones industrial average which by 2pm was 7.39 lower at 1,085.43 in fairly active trading. At the close it was down 12.42 at 1,080.40.

Among the hardest hit of the oil majors were Exxon. \$% down by midsession at 28%; Atlantic Richfield, \$2% off at ing of oil stocks increased slightly following a report that a Saudi newspaper had disclosed agreement by the Gulf states to cut crude hy between \$5.50 and \$7 a barrel.

But other industrial stocks were in two minds how to take the trend. The battered airline sector - where fuel costs are a major factor - moved higher.

Bond prices rose smartly, reflecting investors' hopes that the fall in inflation disclosed in the latest report on prices from the Commerce Department would be further stimulated by cuts in world oil prices. Major institutional investors began to huy some longer-maturing stocks, a clear indication that they take a slightly more positive view of the outlook for domestic inflation.

Gains ranged to around one point at the longer end of the list, with the benchmark 10% of 2012 that much better at 97% by one stage. Dealers commented yesterday hrought a "modest increase" in demand for five to seven-year Treas-ury securities, "the first time in a long

Shorter maturities continued to find support but gains were usually under

Also pushing the credit markets forward was a fall in the Federal Funds rate from an average of 8.42 per cent on Friday, the last trading day, to 84 per cent midway through yesterday's session. The Federal Reserve arranged an unusually large \$2bn in customer repurchase agreements at that level.

Yields on Treasury hills slipped lower, with the 91-day bills at 7.89/85 per cent,

compared with 7.98/94 per cent before the weekend, and the six-month bills down from 8.13/09 per cent to 8.08/02 per

The markets were in buoyant mood, with dealers noting that the evidence of falling inflation would belp Mr Volcker

to cut nominal interest rates. From the market standpoint, this would bring huyers in for the long-dated

As the time drew near for this week's auction of Treasury bills, market dealers were estimating that the \$12.4hn auction would produce yields of about 7.85/90 per cent on the three-month and 8.00/05 per cent on the six-month hills.

A sharp downward trend in Toronto

was extended yesterday as oil price con-cern dominated. Mr David McLeish of Walwyn Stodgell Cochran Murray said this was burting not only the oil issues themselves but also the banks because of their international loans and exposure to the Canadian oil companies.

Golds also plunged with the hullion price, while in Montreal only the media sector showed any real resilience to the

EUROPE

Rates trend aids firm undertone

THE TREND in short-term interest rates continued on the soft side in many centres yesterday, but on the bourses profit-takers often managed to gain the upper hand after widespread gains in stock values on Monday.

Frankfurt was a case in point. Professional operators moved in to sell, pulling the Commerzbank index 5.3 back from its near-four-year high to stand at 791.3. None the less, dealers described the underlying tendency as positive, and carmakers were one sector which continued to show strength.

Money market dealers said the Bundesbank seemed to bave condoned a sharp drop in domestic market rates as an alternative to a pre-election cut in the discount or Lomhard rates. Over the last 10 days call money bas settled a halfpoint below Lombard at around 5% per

Domestic bond prices were narrowly mixed after a sluggish session, and the central bank sold DM 9.7m of public paper against the previous day's DM 67.1m worth.

Dealers in Zurich noted a favourable interest rate outlook as an incentive to the continued rise in stock values and trading volume. Banks, too, were favoured, with the registered shares sought because of yield considerations. Winterthur, in insurances, finished

with gains pared to SwFr 2,100 after SwFr 2,200, still up from SwFr 2,075. A further fall in French call money to 1211/16 per cent, leaving it a quarter-point below the level on which it ended last

week, heartened Paris stocks. Advances bad a two-to-one lead on declines. Vehicles were strong despite labour unrest in the industry. Peugeot added FFr 5 to FFr 142.50 and Valeo FFr 3 to

FFr 239. Late demand in Milan had its effect mainly in after-hours dealings, and the official close showed prices mixed. Flat by that stage off L10 at L2,351 but reached as high as L2,450 later on expec-

tations of a capital operation. Yields on three-month Italian Treasury hills came hack 44 hasis points at the second February auction to 17.76 per cent, but six and 12-month bills remained unchanged.

A rally in Brussels was led by bolding company stocks: Société Générale was BFr 52 ahead at BFr 1,408 on its plans to expand capital, Bruxelles Lambert BFr 14 at BFr 1,870 and Sofina BFr 25 to BFr

In otherwise depressed oils, Petrofina managed a BFr 15 improvement to BFr

Royal Dutch suffered in Amsterdam, off FI 2.90 at FI 98.70, but no clear trend emerged overall. ABN featured with a Fl 6.50 gain at Fl 325 while KLM put on Fl 2.80 to Fl 158.50.

Trading continued heavily in Stockbolm and stocks firmed further. Alfa-Laval soared SKr 25 to SKr 430 and Asea SKr 38 to SKr 500. Copenhagen came to life, with banks notably strong. Privatbanken added DKr 20 to DKr 225 and Danske Bank DKr 9.80 to DKr 248.

Madrid began its trading week with another downward drift, although construction leader Dragados firmed a peseta to Pta 12I.

SOUTH AFRICA

Quiet easing

A BULLION price which contracted through the day left Jobannesburg golds quietly easier. Heavyweight Western Holdings was R2.50 off at R64.50.

In mining financials, Amgold dropped R2.25 to R139.75 and De Beers 20 cents to R8.35, while elsewhere Impala Platinum held at RI0.50 after interim results.

FAR EAST

Carbon copy day as Tokyo fades

A REPLICA of Monday's trading pattern in Tokyo yesterday left international populars again sharply weaker but mining and electric power issues displaying some strength. Still in the forefront of investors' concerns were the effects of lower world oil prices and the swelling levels of margin debt on the Japanese stock exchanges.

Figures released yesterday showed the outstanding balance of margin buying positions in Tokyo, Osaka and Nagoya above two trillion (million million) yen for the first time hy the end of last week, despite the sell-off in blue chips

which bad set in hy Thursday.

A rise on the week of Y32.4hn took the sum unpaid to a record Y2,026.9hn (\$8.72bn), pushed upward mainly by a consequent move into low-priced speculatives such as the gold mines, paper

pulps and shipping lines.
One of these, Japan Line, was volume leader yesterday on a subdued 17.82m shares, providing a further Y10 advance to Y245. It was followed by Tokyu Corporation up Y3 at Y282, and Sumitomo Metal Mining, Y20 ahead at Y1,570.

But the extent of blue chip losses was acutely reflected in the Nikkel-Dow Jones market average, off 69.11 at 7,918.16 for a four-day setback of 227.25. The stock exchange index was 3.17 weaker at 579.00, but volume overall reached only some 300m units, down from Monday's moderate 350m.

Vehicle issues crumbled, partly on rumours that an influential domestic speculator may have started selling. Honda, which also suffered from news of low U.S. output, lost Y21 to Y850 and Nissan Y11 to Y716. Traders were anxious to rid them-

selves of holdings in oils, Nippon Oil slid Y50 to Y940 and Mitsubishi Oil Y13 to

Government bond prices relinquished morning gains in thin trading, with brokers identifying national and regional commercial banks as among the sellers.

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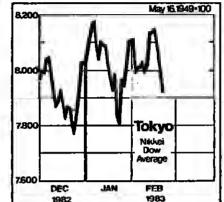
Ahead of the Hong Kong budget speech today, stocks there found selective support in cautious trading, leaving the Hang Seng index 8.70 up at 990.52. Overseas institutions were responsible for much of the buying, brokers said.

Trading bouses generally moved low-er, with losses of 10 cents for Swire Pacific A at HK\$11.90 and for Jardine Matheson at HK\$15. Banks were more resilient, and Hongkong Bank finished five cents up at HK\$9 and Wing Lung 50 cents higher at HK\$49.

An easier opening in Singapore was corrected by the close to leave the Straits Times industrial index a hare 0.07 off at 808.88. Banks were weaker but other sectors mixed.

United International Securities, an investment trust which was the day's most active, rose 15 cents to S\$1.38 on improved results for the company itself but a sharp erosion of earnings hy the group

as a wbole.



AUSTRALIA

Industrials low

IT WAS the turn of the industrials in Sydney yesterday to suffer from preelection nerves, as a sharp turnround in gold-related mines lifted the resource sector which had been severely depressed on Monday.

The golds benefited from a steady bullion trend, but base metal beavyweights were also favoured by bargain-bunters. GMK rose 20 cents to A\$12.40, Peko 16 cents to A\$6.36 and Western Mining seven cents to A\$3.72.

LONDON

Industrials resist pound's push

GROWING fears that Nigeria's oil price cut might provoke a price war among world producers again dominated sentiment on London financial markets yesterday. Sterling weakened further against major currencies and government stocks followed. Equity markets, however - although inhibited by these uncertainties and a continuing shortage of funds - put on another resilient performance on the view that lower oil prices would benefit UK manufacturing industry.

British funds were especially vulner-able to nervous offerings. Trading conditions were thin and quotations at the longer end were soon showing losses extending to 1½ points hut a modest rally developed in the afternoon to leave some quotations a quarter above the worst. Shorter maturities also staged a small recovery to close a maximum % down after %.

Oils sustained another sharp sethack. BP fell 10p more to 302p and Lasmo 12p

Leading industrials made a cautious start in the absence of a guide from Wall Street. The slightly lower values tempted huyers and losses of a few pence or so were soon regained. Interest subsequently faltered but the final tone was still steady to firm. The FT Industrial Ordinary index closed 2.2 down at 642.4.

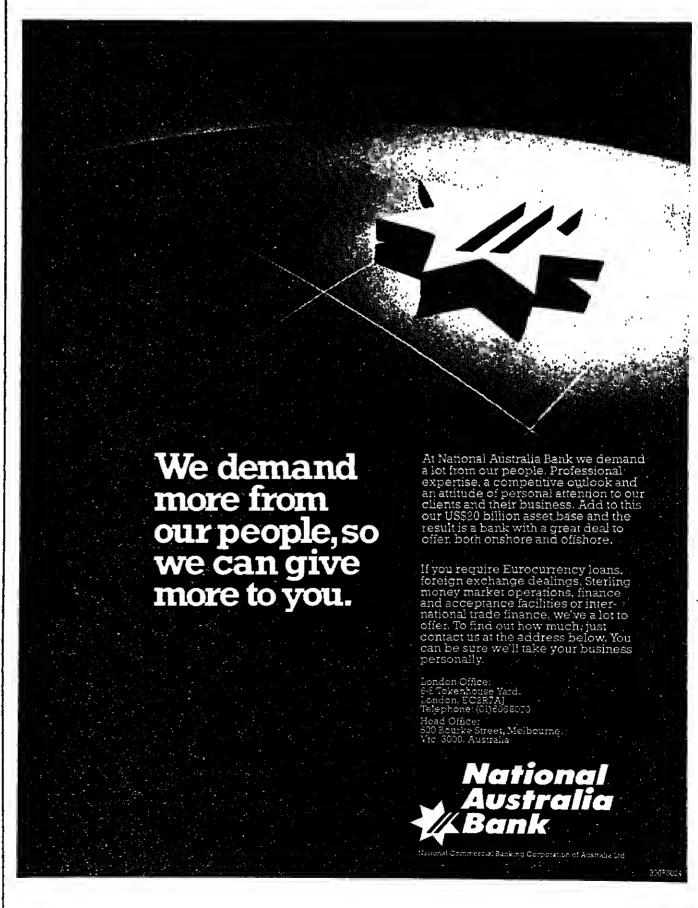
A gentle downward drift in South African golds developed into a full-scale slide during bectic afternoon trading, after a sudden near-\$20 decline hy bullion at around the opening of U.S. markets.

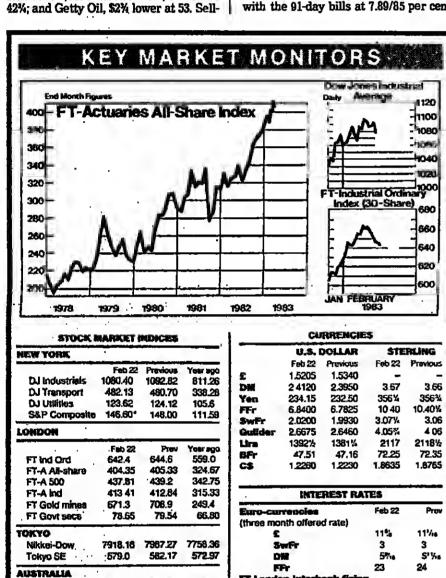
Among the beaviest losers, Hartebeest showed a £3% fall to £51%. Selling of South African financials was persistent but less severe, while their London counterparts steadied after hours. Australians were hit by the downturn in

metal prices.

Share information service,

Pages 30–31



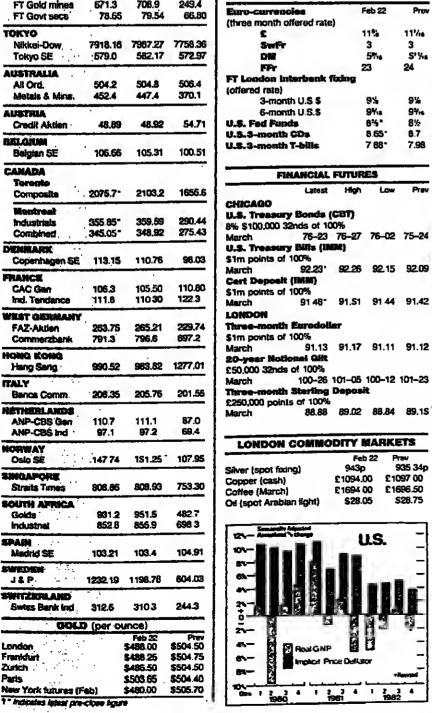


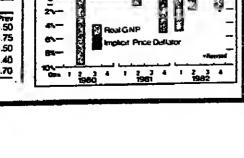
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	Readership %
FINANCIAL TIMES	42
FAZ	24
HANDELSBLATT	21
LE MONDE	11
LHI	9
NEUE ZURCHER ZEITUNG	8
WALL STREET JOURNAL	6
BUSINESS WEEK	26
ECONOMIST	22
TIME	13
NEWSWEEK	11
INSTITUTIONAL INVESTOR (INT.ED)	21

For more information about this research, or the position of the F.T. in the European market place, please contact your local Financial Times representative or the Market Research

The published report is now available, and the results show that the publication most widely read by this prime target group was the Financial Times. By comparison, the table below shows the readership figures for some of the other 40 publications that were covered by the research.

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Ozari 4 301611 19 9 9 9 1 176 1 9 1 18 1.5 11 300 2.6 12 26 3.6 5 78 22 23 70 9 3 68 3.7 5 20 1 6 6 20 4 8 20 40 3.7 9 26 24 60 5.2 68 1 32 1 1 25 140 7.8 36 423 84 1 64 13 12 7 13 2 7 13 2 7 14 12 7 7 7 7 15 54 14.35 (T. 55.46.18) 22.25 (1. 15.55.46.31) 23.36 (1. 16.18) 13.16 (1. 16.18) 3.11公本以外20117611公社为5为46的25的特色区内外次178地域的通过的国际,1880年的1880年,188 CDI CHB CHCP CRISCO CARRECT CA 也们,公司我不觉得多的我们有有效的表情情况与这么是的感光更要感染的激烈的感光,因此就是他们的人,我们是我们的人,他们也是是我们,他们也是我们的人,我们们是这种人的人,我们就是这个 - le - le - le - le - le + le * కల్పట్టి కార్యా మార్గిని గానికి కోస్టుకు కార్యా కార్యా కార్మా కార్యా కోస్ట్ కార్డ్ కోస్ట్ కార్డ్ కోస్ట్ కోస్ 11-16 163-113-123-143-PGEDIA
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DESTINCO 105 11111 29 4 10 5 7 555 4 7 3 1055 27 20 10 10 8 72 457677115214273726242230766511 161111384 175 7 53 35 7 3 10 55 25 26 10 55 25 15452444611 \$267.6864265466586677791212425661122867877666811313424 MCO Ho MCO PR MSI DY MacAufi Magod Meps Magod Market Marke 但我会对我就被让我们给你用在50%的现在形式,我们的现在的时间就会的作品会是我们的几个的话的,我们的 76 1856 18 7 155 22 16 80 8 6 5 9 26 7 25 6 5 9 26 7 25 8 4 20 1 60 10 41 9 18 17 1 416 5 5 25 8 3 4 4 5 20 26 19 12 20 26 19 12 20 26 19 12 20 26 19 12 20 26 19 12 20 26 19 18 3 11 14 s 11 90 16 10 726 2 6 8 17u 8 7 10 9 23 20 19 22 10u 1 1 22 36 34 52t 83 126 36 38 16 9 13 24 2 0 9 1 36 9 18 6 5 20 wt 2 51 3 20. 1 18 3 7 11 1 18 3 7 11 20 2 6 8 5 38 2 2 2 16 12 1.2 16 23 40b 55 15 80b 32 12 120 70 11 197 80 15 250 90 9 40 39 19 17 16 12 2 80 13 13 50 24 7 26 20 13 50 24 12 pd185 14 pd228 15 59: 15 5 n 46935 51232622979 988888888206 622833 FGI
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WORLD STOCK MARKETS

CANADA	DENMARK	NETHERLANDS	AUSTRALIA	APAN (continued)	Laranon III		
(Closing Prices) Feb Varn. Stock 22	Fab. 22 Prico + or	Fob. 22 Price + or	Fob. 22 Aust. % — AHZ Group 5.35 —0.98	Feb. 21 Prico 4 or	LONDON		IADIEC
AMCA Int		ACF Nolding 155 -2 Ahold 151.8 -1.2 AKZO 43.6 -0.3	Acrow Aust 1.25 +0.1 A.D.D 0.55 -0.98 Ampol Pot 1.35	IKUMNOIA 311 — 3	ACTIVE STOCKS Above everage activity was noted in the following stocks yesterday.		
Alcon Aluma	CopNandolsbank 243,4 -0.8 D. 2uk terlab 434 +6.4 Danske Bank 248 +9.8	A2H	Assoc. Pulo Pao 1.25 Aust. Cons. Ind 1.14 -0.01 Aust. Cuarant 2.2	Maede Const 517 -2 Mekino Milling 740 Makino Milling 755 -3	Closing Day's Steck prices change	These Indices are the join	at compilation of the Facultine
Ashesins 10% + 30 8k Montreel 25 % - 34 8k Nove Scotie 36 -	East Asiatie 103.2 +0.6 Forendo Brygg 686 +11 Forendo Damp 120 +9 GNT Nide 190 +4.6	Bredoro Cert 173.5 —1.5 Boskalis West 40.7 +0.7 Buhrmann Tet 67 +0.1	Aust. No1. Inds 2.25 -0.85 Aust. Pa06r 1.87 +0.07 Bond Nid2s 0.96 +0.1 Boral 2.32 -0.86	Maruben 250 — 3 Marudai 560 Maru	Bools 250 + 2 2P 302 -10 Comm Union 137 ÷ 3		1
Besic Resources	GNT Nid2 190 + 4,6 1,8,8,8	Caland Hids 22.1 -0.6 Elsevior NDU 212.5 +2 Ennia	Boral	M'ta Elec Works. 542 -1 M'bishi Bank 500 -41	Cons Gold Fields 515 -25 Digitoms 350 +22 European Fairiss 7214 + 6	EQUITY GROUPS	Tues Feb
80w Valley	Privetbanken 225 +20	Olst2rocades 141.9 ÷0.2 Heineken 114.8 -1	SHP 6,34 CRA 3,92 +0,07 CSR 2,73 -0,02	M'bishi Elect 545 +2 M'bishi Estete 452	ICI	& SUB-SECTIONS	
Branco		HunterDouglas 14.7 -0.2 int Mullor 25.4 +0.4	Cariten & Utd 2.27 — 0.5 Castlomaine Tys 4.00 Coles G.J.1 2.52 +0.0	Mitaul Go 323 +2 Mitaul Est 748 -8 Mitaul Est 748 -8	Shell Transport	Figures in parentheses show cumber of stocks per section	Index Day's Far No. Change (M
Cardiac Faire. 82'2 - Va Can Centeret 143'4 - Va Can NW Energy 253'4 - 1	FRANCE Feb. 22 Price + or	Hat Ned cert 134.6 +1.3 Ned Cred Bank 25.8 -0.1	Comaice 1.95 +0.05 Consolidate0 Pet 0.12 Contain 1.2	NCK Ineulators 491 -4 Nihon Cement 186 -2 Hippon Denso. 1,170 +10	MONDAY'S		
Can Packers 38 Can Trustco 35% - %	Emprunt 44% 1976 2,110 -35	Ned Mio Sank 120 +0.5 Hed Lloyd 95.5 +1 Oce Grinton 170.5 +1.8 Ommeren(Van) 92.5 -0.4	Ounloo	Nippon Express 129 +6	ACTIVE STOCKS	1 CAPITAL GOODS (208)	報記 3 報告 9 792.77 +0.1 11
Conadion Pacific 411/4 - 1/2 Can. P. Ent	CNE 8% 2,995 —34 Air Liquide 428.0 +8.8	Pakhoed 42.5 +0.3 Philips 58.7	Gen. Prop. Trust 1.62 Criffin Coal 6.00 Hardie J.1 8.5 +0.09	Nippon 20iko 390 —6	2 2384 on bargains recorded in Stock Eachange Official List. Ho of Mon. Day's	4 Electricals (32)	1659 45 +0.3 7 410.86 -0.4 17. 200.36 -0.7 18
Caning O'Kis 134s _ 4s Caring O'Kis 24 vs _ 25	BIG	Robeco	Nartogen Enorgy 1,52 -0,00 RegaldWry Times 2,2	Nippon 2te61 148 + 1 Nippon 3usan 277 - 3	5:cck changes close change Lon. and Lyer. 22 478 —52 Utd. Packaging 21 103	8 Metals and Metal Forming (11)	MA11 -13 13 MA15 -08 0
Consisce	Carretour 1,365 +76 Club Medit 525 +7 CFAO 453 +6	Rerente	fCl Aust	Nissan Motor 716 -11 Nissan Flour 3364	2AT Inds 17 875 -15 Lloyde 2ank 18 450vd -13 Ass. 2rd. Ports 15 145 + 2	10 Other Industrial Materials (17)	403.77 +0.2 18 473.77 -8.7 10
Cextein 61/2 + Vs Baon Devel 213 - 0.11 Devision Mones 221/3 + Va	Clo Bancaire 519 + 5 Cottmes	Tokyo Pac Hg 224 -7 Undever 194 -0.5 Viking Re 109 -2 Vmt Stock 63.7 -2.8	Leonard Oil 0.07 +0.81 Mill 4.02 +0.8 Mayne Nkiess 2.5 -0.05 Meekatharra 2.5	Hemura	2ET Oeld 14 225xd + 7 GEC 12 206 + 1 Glaso 12 675xc +19	25 Food Manufacturing (21)	337.80 +0.5 23. 837.80 -0.1 7. 720.86 +0.5 5.
Dome Mines	Dumez. 1,048	Vmf Stork 68.7 - 2.8 VMU 74.6 + 1.3 West Utr Bank 90.2 + 0.2	Myer Emo 1.35 Nat. Aus. Bk 2,48 News 2.05	Dmro Tetels 980	Woolworth 12 230 +14 Adam Elec 11 280 + 5 20water 11 190 + 7 20 11 312 - 12	29 Leisure (24)	54.20 +0.2 8 732.56 +0.4 8 168.74 -0.2 13
Open States	Eff. Aquitaine. 119.0 - 1.8 Gen. Occidental 428.0 - 1.9 Imetal 51 + 1 Lafarge-Coppee 255.9 + 0.2	NORWAY	Nicholas Kiwl 1.92 Nerth Bkn Hill 2.32 + 0.02 Oakbridgo 1.15 - 0.02 Ottor Exol 0.89	Riceh	2P 11 312 -12 2a ₁ clays 2ank 10 438 - 2 3eecham 10 362	33 Pacinging and Paper (14)	259.70 +0.6 8. 198.47 +0.5 12
Glent Viberte 23% - 2% Gr West Life 185 Gell Canada 13% - 5%	L'Dreai 1,159 +10 Legran0 1,710 +22 Maisons Phenix 372 +17 Matra 1,180 +16	Feb. 22 Price 4 or Kranor —	Pancon		RISES AND FALLS	36 Tobaccos (3)	470.13 18 367.25 +8.3 2 319.89 +8.3 10
Gultstream Res 1 55 — Hawk Sid Can 15% — Va Martenn Rev Mon	Michelin B	Bergons Bank 117.5 +1.5 Borregaard 130 +2 Christiana	Repco	Shimadzu 450 — 9 2hionogi 835 +22 Shise'go 936 +8	YESTERDAY Rises Falls Same	42 Chemicals (15)	410.96 11 163.05 -0.3 10 587.94 +2.2 14
Hudson's Bay	Nord Est 57.3 + 3.3 Permed Ricard 432.0 + 11.0 Permer	Creditbank 184 —3	2pargos Expl 0,26 Thos. Natwide — 1.4 —0.07 Tooth 9,80	Sony	British Funds 2 92 4	46 Miscellaneous (44) 49 IMOUSTRIAL EROUP (466) 51 Oils (14)	453.32 +0.3 8. 413.41 +0.1 7. 709.19 -3.8 17.
trup Dil A	Petrolen (Frq.) 136,5 -1.0 Paugeot-SA 142,5 +5,0 Poclain 90.0 +0,8	Storebrand 148 -1	UMAL Cons 1.6 -0.15 Vamgas 5.8 -0.1 Western Mining. 3.72 +0.7 Westore 2.46 -0.03	Taihei Metal 150 -1 Taihei Dengyo 4532 Tassei Coro. 230	Financial & Props. 121 52 342 Dils	59 SOO SHARE INDEX	437.81 -0.3 10. 249.78 +0.3
Marks & Spencer 874 - Massay Fung 4.6 + 6.1	Printemps Au 114,0 +0,5 Radiottean 335,0 +13,3 Radiotte 885 +20 Roussel-Uclaf 261,5 +0,6	lenam.	Westpac 2.46 —0.03 Woodside Patrol 0.7 —0.03 Woolworths 1.67 Wormal0 Intl 2.95 —0.03	Takede	Mines 28 72 49 Dthers 23 24 113	62 Barks(6)	368.37 -6.6 31 294.66 -0.3 376.25 +0.1
Mind	Schneider 81.7 +5.2	Fob. 22 Price + or	HONG KONG	Telkoku Ol 725 — 5 Tokio Marine 486 — 4 TBS 499 — 1 Tokyo Elect.Pw., 1,170 + t0	NEW HIGHS AND	66 Insurance (Composite) (10)	200.39 +1.5 - 551.63 -0.7 11 164.60 -0.2 -
Hart. Sen Prods A 11% — Herande Mines 22% — 1 Hous Alberta 8% —	Thompson (CSF). 190,0 +4.8 Valeo 239 +3	Bco Bilbao 210 -2 Bco Central 257 Bco Exterior 200	Feb. 22 Price + er	Tekye Gas 129 -1 Tokyo Sanyo 415 Tokyo 2tyle 8024	LOWS FOR 1982/3	69 Property (54)	455.88 +0.5 5 235.25 +0.5 11 405.32 +0.1 -
Natural Telecom	GERMANY Fob. 22 Price + or	Sco Hispano 221 Sco Santander 214 —2 Sco Vizcava 275	H.K. S	Tokyo Corp 262 · + 5 Toppan Print 498 - 5 Toray 342 - 2	NEW HIGHS (101)	91 Overseas Traders (16)	259.67 -3.8 7. 444.63 +0.7 9. 404.35 -0.2
Pancenadian Pet 85 -3 Patine		Oragados	Chung Kong 9.85 Chung Light 14.8 —0.2 Hang Lung Covel. 2.85	Toshiba 257 TOTO 465 + 12 TOTO Seikan 475 + 1 Toyota Motor 952 -4	GANKS (5) OREWERS (3) BUILDINGS (6) CHEMICALS (1) DRAFESY & STORES (3)	99 ALL-SHARE INDEX (750)	404351 -02
	BA2F 127.7 - 1.3 BAYER 124.7 - 1.3 Bayer-Hypo 960.5 - 5.5 Bayer-Verein 299 - 4	Telefonica 61 , ,	Hang Seng Bank 55.0	Victor	ELECTRICALS (0) ENGINETRING (1) FOODS (1) HOTELS (1)	FIXED INTERE	ST
HO 4000 4444	BHF-Bank	SWEDEN Feb. 22 Price -f-or	HK Lan0	Yamazaki	LEISURE (3) MOTORS (1) NEWSPAPERS (2)	PRICE Tues Day's change 22 %	Non xd adj. xd adj. Feb today 1983 21 to date
Scientific Res 5.25 - Seagram 96 - 1 V7 Shed Can A 20 V4 - 5/8	Conti Cummi 77.8 +0.8	Kroner —	Hew World Cov., 3.55 Drient O'seas 2.4 + 0.05 D'Seas Trust Sk. 4.7 + 0.08		PAPER (3) PROPERTY (61 SHOES I1) SOUTH AFRICANS (5) YEXTILES (3)	Gelish Covernment	
Strei of Ean A	Demag	Alta Laval 430 +25 A2EA (Free) 500 +38 Astra (Froal 1560 +10 Adas (Copco) 128	SHK Props 6,75 +0.05 Swire Pec A. 11.9 -0.1 Wheel'k Mard A. 3,77 +0.05 WhookekM'timo 2,00	Feb. 22 Price -f- or	TRUSTS (21) DVERSEAS TRACERS (1) MINES (4)	2 5-15 years 125.76 -1.05 12	7.06 — 1.75 7.10 — 2.41
Torresto Rem Bank 42 - 3/a Transate A 27 + 3/a	Oresdnor Bank 141.5. +0.5 OHH	Bolicen 397 +2 Cardo :Free) 690 +10 Cellulosa 600 + 20	World Int. Hold's. 1,64 -0,12	ColO Storago 4.78 -0,12	NEW LOWS (9)	4 irredeemables 239.24 -1.63 14	3.62 — 2.19 12.56 — 8.80
Westcoest Trans 22Vs Vr	Hosech	Esselle (Free) 245 Fagersta 240 +11	JAPAN .	OBS	Exchar. 104;sc 1907 A (£30 paid) BEERS (1) Tomatin tNDUSTRIALS t11		5.83 — 2.12 19.93 — 1.52
Weston (Geo)	Kail uno Saiz 167 - 2 Karstadt 206 - +0.5 Kau fhof 205 - +0.5	Fortia iFree: 392	Fob 22 Prico + or Yen 257	Malay Brow 4.74	PROPERTY (1) Espley Tyes O)L & GAS (5)		5.95 — 1.49
Feb. 22 Price + or	KHD 214,5 +0,7 Kloecknor 32,5 -1,4 Krupp 60 +1 Unde 225 -3	Skandla	Alps Electro	Straits Strains	Ivde Petroleum LASMO "Ops" CONTOY Pet, Saxge, ASMO	†Flat yield. Highs and lows record, base date available from the Publishers, The Financi	s, values and constitues al Times, Brackon No
Creditanetalt 210 + 1 Coesser 191 - 1 Intorunfoli 365 - 3	Lufthansa 98.5 +2 MAN 155,5 -2,2 Mannesman 146,7 -1,5 MarcedesHid 569 -0,2	St Kooparberg , 500 Sven Han0elsbn, 140 —1 Swedish Match 219 +2 Volvo 6 (Free) 356 +5	Bridgestono 465 Canon	SOUTH AFRICA	OPTIONS First Last Last Fer	Money was given for the call of Meilins, Grovebell, Whessoe,	NEW Y
Landerbank, 204 + 1 Perimooser . 263 Stoyr Caimler . 148 -1 Veltscher Mag 176 + 1	Metal Izesell 246 —1 Muenen Rusoh' 778 —2		Oalel 825	Feb. 22 Price + or	Deal- Deal- Declara- Settle- ings logs tion ment Feb 7 Feb 18 May 19 May 31	London and Liverpool, George Wimpey, Premier Gil, Keep Investment Trust, Resource	En as I in the
BELGIUM/LUXEMBOURG	Rhoin West Elect 195 +0.5 Rosenthal 220 —1 Schering	Fob. 22 Price + or	Ebara 345 -1	Abercom	Feb 28 Mar 11 June 2 June 13 Mar 14 Mar 25 June 16 June 27 Mar 28 Aur 8 June 30 July 11	Technology, Town and City Properties, Paterson Jenks, Metal Bulletin, Britoil, Polly	NEW YOR
Fob. 22 Price - 4 or Frs. —	Thyssert	Frs. Alueui±80 640 +2 Bank Leu , 4,050 +50	Fanuo 4,720 +20 Fuji Bank 500 Fuji Film 1,490 -40 Fujisawa 1,200 -20	Anglo Am. Coal 27.25 —0.26 Anglo Am 21.7 —0.25 Anglo Am Gold' 139,75 —2,25 Barclays Bank 15,50	For rate indications see end of Share Information Service	Peck, Trident TV, HB Elec- tronics.	Fab
ARBEO 1,104 Bang Int A Lux 3,850 +60 Bekaort 8 2,280 +20 C-mont 8 R 1,730 +20	I V.E.W 125 -0.5	Brown Boveri 1,090 + 15 Ciba-Goigy 1,850 + 10 Oo (Part Corts) 1,460 + 10 Credil Sulsse 2,005 + 50	Creen Cross 1,500 - 10	Barlow Rand 12.7 Buffels 70.5 -1 CHA Invest 12 +0.25			industrials 1080.4
Cockoriii 95 +1 Delhaizo 4,030 -10	Feb. 22 Price or	Eloktrowatt 2,770 Fischor (Geo) 535 +5 Genevoise 3,860	Herwaftest Est 545 -7 Hitachi Crooit 1,170 -30 Honda 660 -21	Currio Finance 3.5	FINANCIAL TIMES	STOCK INDICES	Transport 482.13
EBEB 2.050 + 15 Eloetrobel 4,700 + 10 Fobriquo Hat 2,720 + 30 G.B. Inno 2,790 + 15 GGL 16rux: 1,670 + 5	Liro - Banca Com'le 86,750 + 750	Mott-Rocho 1:10 6,175 +225 Jacob Sucharo	Hoya	F5 Geduld 59 - 1.25 Gol0 Floids SA 148,5 - 1.5 Highveild 6teol 5.5 - 0.1 Nedbank 12.6 + 0.1	Feb. Fob.	Feb. Feb. Feb. Feb. year 18 17 16 16 ago	Udilines 123.62
Govaert	Bastog: IRBS 230 +7.6 Centrale 2,750 Credito Verosino 6,099 +49 Flat 2,351 -10	Lanois & Gyr 1,040 +10	Note	Proteo Hidgs 3.05 -0.18 Rombrandt 20.05 +0.25		79,95 79,58 79,75 79,76 56.80 21,28 61.17 61.19 81.21 66.46	Trading vel 8371
Kredielbank 4,505 +5 Pan Hidgs 7,600 Petrofina 4,706 +15 Royale Beige 6,300 +50	Finsider	Piroll	Jusco 663 —2 Kajima 525 —2 Kao Sogo 555 + t Kashiyama 580 —40	Ronnice		645-9 650.8 656.0 661.9 559.0	
50c Gen. Bang 2,575 +40 50c Gen Bolge 1,408 +52 : 50tina 4,050 +25	Mentedison 134.2 -1.4 Olivatti 2,785 -25 Pirelli Co 2,726 +5	Swissor	Kirin	5mith IC.G.I	Ord. Div. Yield 6.04 5.03 Earnings, Yid. 3 (full) 10.72 10.75	4.76 4.76 4.69 4.63 5.48 10.26 10.20 10.10 9.99 9.72	STANDARD AND POORS
Solvey	Piroli Spa 1,673 — 17 2nia Viscosa 964 + 20.4	Swiss Volksbk 1,300 +30	HOTES-Prices on this	lest freded orices. \$ Dealings or Ex scrip issue. x Ex rights.	P/E Ratio (net) (*) 11,16 11.18 Total bargains 24,904 25,214 2 Equity turnover £m. — 210,16 2	5,848 25,824 24,830 24,016 21,567	Feb. 22
			xa Fi oll.		Equity bargains 210,10 a 21,853 a 2hares traded (mlr 166,2 a	5,816 25,550 24,126 20,749 17,448	Industrials 163,35
AMERI	ICAN STOCE	K EXCHANG	E CLOSING	PRICES	10 sm 842.2. 11 sm 644 5. 2 om 643 4. 94sis 100 Govt. 5ecs, 12/10/26.	Hoan 645 7, 1 pm 643.2. 3 pm 643.1. Fixed Int. 1928, Isdustrial 1/7/35,	Composite 145.46
12 Manch P/ Sts	Ch'ge Close Przv. 12 Month	P/ Sis	Chige Clase Prev. 12 Month	P/ Sis Clase Prev	Geld Mines 12/10,56. SE Activity 19 Latest index Nil = 1	974. 01-246 8026.	hal div yield %
Continued from Page 2	25 High Low Quote Clase High Low 2014 75	Stack Div Yid E 1886 High Low Srico 20 2 8 8 6 74 74 ShenA 20 1 5 50 130 204 194 Shrost 9 74 75	Durete Classe . High Law Stock & Transcan 195 - 1 5 13 Thorish	liv. YM. E 100s High Low Quote Close s 30 151 24% 23% 23% - 4 17 34 2% 2% 2% 2% - 1 160 3.8 8 31 44% 42% 42% 42% + 4	HIGHS AND LOWS		led. P/E Retio Long Gev Bond Yield
R-R-R 152, 124, RAI in S41 40 21 79 145, 75, RECM 11 86	137 ₁ 131 ₂ 131 ₂ -1 ₂ 91 ₃ 33 u1-2 ₃ 141 ₂ 147 ₃ + 1 ₄ 81 ₄ 41 ₄	Serials 25 65 12 4 35 37 Serials 54 54	7-1 - 1 42½ 22½ Thriten 25 - 1 11 5 Towel 5-1 - 1 26½ 445 Topped 6-4 - 1 13½ 44, Tortel	100 3.6 8 31 04.5 24 25 14 60 20 95 95 + 1 200 8 8 8 26 26 26 26 72 11% 11% 11% - 5	1982/6 Since Co	empilat'n Feb. Feb.	PLY.S.E ALL COMMON
14% 7% RECM 11 86 84 34 RASE 12 64 4 RSC 95 144 64 RIC 48 32 8 79 145 84 Regen 120 9 25 13	127, 134, 133, -14, 95, 34, 1142, 144, 145, +14, 84, 44, 154, 154, 154, 154, 154, 154, 154	Solimon 247 64, 64, 504 504 64, 65 64 64 64 11 10 95, 504 64 64 64 64 64 64 64 64 64 64 64 64 64	25 - 4 125 7 TotP1 0 95 - 5 254 155 1007 pt 85 - 5 54 15 Totmer 84 - 5 45 14 Town 92 14 7-16 Tracg	1,24 30 145 11½ 10½ 11 - ½ 288 12 2 23½ 23½ 23½ - 1½ e 14 108 6½ 5½ 5½ - ½	, High , Low High	Low 21 18	Feb Feb Feb 16 22 21 16 84.06 - 85.44
423 ₁ 11 FinchEx 286 7 38 55 743 ₂ 133 ₂ Ransby 72 3 0 32 160 101 ₄ 4 Rathff 56 24	135, 1354, 3554, -254, 131, 75, 235, 235, 235, -14, 131, 75, 145, 235, 235, -14, 131, 235, 235, 135, 235, 235, 235, 235, 235, 235, 235, 2	SCE0 pf1 (2: 12: 16: 87; 89; 85E8 pf1 (8: 11: 11: 32; 93; 85E8 pf1 (8: 11: 11: 32; 93; 85E8 pf1 (8: 11: 11: 10); 100; 100; 100; 100; 100; 100; 100;	23s - 1 129 7 TOOPT c 95s - 3 254 1554 1607 pt 65s - 1 29s 5 Towner 654 - 1 15s 15 Towner 95 11s 7 Trests 2334 11s 1 Trest 125 4 1 Trest 125 4 1 Trest 125 4 1 Trest 125 8 1 Trest 127 8 1 Trest 127 8 1 Trest 127 8 1 Trest	48 1½ 1½ 1½ 1½ +½ .10.7 11 15 143 133 135 -½ 40 45 45 45 45 -5		15/1/781 Equities 50.55 Bargains 141.5 167.3	ROUNTREAL
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SHARE INDICES

	EQUITY GROUPS	1	Tues i	Feb 2	2 1983	3	Feb 21	Feb 18	Thers Feb 17:	Feb 16	(approx.)
Figu	& SUB-SECTIONS ares in parentheses show number of stacks per section	Index No.	Day's. Change	Est. Earnings Vield % (Max.)	Gross Dw. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Index No.	todex (to.	index No.	lindek Ma	tindes; Hu.
1	CAPITAL 90005 (208)	554.71		3.94	3.86	13.96	444.25	412,24	442.78	447.37	367.99
2	Building Materials (24)	425.45	-	7.99	4.47	1210	426,32	479.06	490.61	433.77	324.88
3	Contracting, Construction (30)	792.77	+0.1	11.09	4.17	30.74	772.15	785,72	787.24	790.23	596.82
4	Electricals (32)	1659 65	+0.3	7.25	2.08	17.64	3554.72	1640.74	1444	3445.11	
5	Engineering, Contractors (10)	410.55	-0.4	17.06	7.28	7.18	412.78	410.64	402.71	43.12	511.65
6	Mechanical Engineering (66)	208.55	-0.7	10.99	5.59	11.34	201.72	201.60	210.4	207.97	193.04
ă	Metals and Metal Forming (11)	244.22	-1.5	13.25	7.58	9.06	36.36	166.21	34.2	165.95	167.95
ĕ	Motors (18)	86.15	-0.8	0.45	7.11	—	20.35	66.18	99.89	86.57	98.87
10	Other Industrial Materials (17)	423.66	+8.1	3,46	5.16	14.47	412.4	QIX.	473.62	476.57	408.40 255.85
21	CONSUMER GROUP (200)	423.73	+0.2	10.08	4.28	12.05	414	44.73	471.77	434.06	291.91
22	Brewers and Distillers (23)	473.72	-0.7	30.73	4.54	11.36	474.84	477.90	341.68	344.33	20447
25	Food Manufacturing (23)	337.BN	+85	23.50	5.46	8.60	334.34	337.77	MT	27.83	634.06
26	Food Retailing (14)	237.00	-0.1	7.68	2.89	16.53 21.70	727.43	799.61	797.15	7%.33	374.94
27	Health and Household Products (8)	720.0	+0.5	5.47	253	16.26	542.95	507.25	538.64	512.19	63.73
29	Leisure (24)	504.20	+8.2	8,84	4.78	15.00	729.43	723.94	733.43	33.53	575 T2
32	Newspapers, Publishing (13)	732.56	+0.4	13.86	2.24	3.50	149.03	14.5	179.70	141.41	746.98
33	Packaging and Paper (14)	168.74 359.70	+04	8.63	322	15.75	357.45	152.19	357.80	357.01	255.70
34	Stores (47) Toxtiles (22)	194.47	+0.5	12.66	5.60	9.51	197.50	195.10	294.24	19460	170.43
35 36	Tobaccos (3)	470.13	+0.9	18.72	5.89	5.93	47013	494.44	411.75	476.38	312.64
39	Other Consumer (11)	367.25	+83	2.29	3.82		364.11	36478	371.29	370:45	275.48
41	CTHER CROUPS (781	319.88	+0.3	10.65	.5.11	21,27	318.79	319.04	329.74	321,97	255.33
42	Chemicals (15)	410.96		11.99	5.89	9.91	411.67	4223	421.59	429.04	34.45
44	Office Equipment (6)	103.05	-0.3	10.34	5.26	11.95	103.30	304,95	143.91	165.37	124.96
45	Shipping and Transport (13)	587.34	+22	14.75	7.25	8.08	574.62	568.51	575.32	575.07 478.52	569.83 319.25
46	Miscellaneous (44)	458.32	+0.3	8.65	3.97	14.08	457,00	€6.77	454.33	937.21	
49	INDUSTRIAL GROUP (466)	413.41	+0.1	7.76	4.25	12.53	432.86	412.13	434.23	744.37	
51	OHs (14)	709.19	-3.6	17.69	8.15	6.67	731.49	752.50	740.48		
59	500 SHARE INDEX	437.81	-0.3	10.87	4,79	11,17	439,28	441.36	40.23	444.53	
61	FISLANCIAL CROUP (121)	299.76	+0.3		5.92		298.94	300.70	257.36	301.63	265.56
62	Basics(6)	308.37	-8.6	SL77	7.94	3.41	320.37	336.30	361.62 296.75	294.64	232.74
63	Ciscount Houses (8)	294.66	-0.3		8.28		295.53 375.91	371.00	379.20	394.13	253.93
65	Insurance (Life) (9)	376.25	+0.1	_	7.30	_	197.48	198.29	196.64	245.65	168.04
66	Insurance (Composite) (10)	200.37	+15	11.64	4.94	11.95	955.49	548.37	343.72	543.23	442.54
67	Insurance Brokers (7)	#51.63 144.60	-0.2	1	5.24	11.75	144.05	344.35	164.66	744.30	100.73
68	Merchant Banks (13)	455.88	+0.5	544	3.93	23.33	453.44	454.35	452.19	455.90	462.38
69 70	Other Financial (14)	235.25	+05	11.87	5.00	10.00	234.28	234,68	232.46	253.22	188.63
*	treestment Trusts (109)	405.32	+0.1		417		484.92	405.05	495,30	407.89	309.84
21	Mining Finance (4)	259.67	-3.0	7.92	5.49	26.90	267.83	264.73	265.36	269.83	224.73
91	Overseas Traders (16)		+0.7	9.05	815	15.83	440.14	442.64	444.89	444.23	438.23
쑮	ALL-SHARE INDEX (750)				4.99		405.33	404.53	436.37	401.01	324.67
	FIXED INTERE				AVERA	SE GRO			Tues Feb	Mon Feb	Year age

	FI	XED	INTE	REST				AVERAGE GROSS REDEMPTION YIELDS	Feb 22	Hon Feb 21	(approx.)
	PRICE INDICES	Tues Feb 22	Day's change %	Mon Feb 21	nd adj. today	nd adj. 1983 to date	1 2 3	Briligh Coverement Low 5 years	9.05 20.67 30.77	8.95 20.50 10.51	12.30 13.02 12.74
	British Government 5 years 5-15 years 0 or 15 years irredeemables	116.57 125.76 132.86 139.24	-0.37 -1.05 -1.17 -1.63	117.00 127.10 133.62 141.56	1111	1.75 2.61 2.19 8.80	45678910	Medium 5 years	11.54 11.57 11.14 11.74 11.78 11.20 18.71	11.42 11.39 11.00 11.52 11.61 11.12 10.53	14.41 14.41 13.86 14.59 14.59 14.22 12.56
	All Stocks	124.70 99.52	-0.90	125.83 97.93	-	2.12	12	15 years	12.50 12.71	32.64 32.64	15,78 15,56
;	Preference	76.15		75.95		2,49	쁦	25 years	12.96	12.66	15.44 15.62

Indices

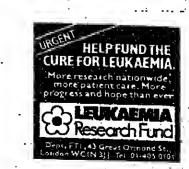
Milmet.	THREE !	1086.4	-	1100	2,42	1000.0	֓֓֓֓֓֓֓֓֓֓֓֓֟ <u>֟</u>		13 Jens	`'	(14/ 2/83			14/2/83	2 7:52
Trans	pert	482.13	-	48	0.7	476.8	1	78.2	477.	53	486.07 [4/2/83			485,07 47,243	12.23 8/7:32
Uellin	ies.	123.62	-	124	4.12	123.94	ŀ	-	123.	84	126.78 28/ 1/83			163.32 700 4-80	16.05 (20 4/2)
Trading 1 0000	ret Tst	8371	-	7	42	7493	ı	82 12	896	4	-				
	_				•	Feb 18 ·	ጎ	. Fe	d 11	7	Feb 4		[7	eru Agu A	pprint)
had div y	ield 9					4.93		•	L95	Ι	4,98			B.74	
STANDA	IRD A	ID POOR	5	_			_	-					_		
		Feb	Feb	١.	ob	Feb		ab .	Feb	L	1982	-83		See C	mplat n
		22	21		16	17		16	16	1	ligh	Low		High	Low
Indus	trisk	163,35	-	16	6.38	165.78	16	6.76	166.88		27.8 2/83	114.6 12/6/8		187.2 (A/ 3/15)	3,52 (30: 6/32
Comp	ositę	145.46	-	14	2.0	147.44	14	7.43	148.3		18.82 1 2/83	102.4 12/ 8/8		148.92 (W 2/83)	4.4 U.8/82
						rd 18		F	- 0	Ή	Fab 2		Y	er Ago(A	pprost)
						4.32	П		1.38	Т	4,45			5.79	
		Yleki _				11,62 18,92		_	1.35 1.02	1	11.1	- 1		7,66	
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22	21	16	17	8	igh	Low	_		pues trad			927	t		1878
84.06	-	85.44	85.13		2/13 2/13	58.3 (12/ M		Fe	Os			522 89 310			857 648 375
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Feb 12

Feb 15

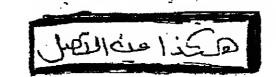
		.89 127 1/62 ' (3/1/6	.4 49. 16) : 13/1	178. BAI	gains	118.6	161.8	Н	-			(14: 2/13)	112/ 1	/82a Ft	Os .:		310	
nt	87.02 62	79 150 1:82) [28/11	4 50.	.55 · Bar (75) · Val	gains	141.5 424.2	167.3	Н	MONTREAL			Feb	Feb	Feb	Feb :			82-8
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NEW YORK CLOSING PRICES



445, 55, 121, 91, 151,

37.2 50% 21.5 17.6 13.4 31.4 31.4 32.6



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COMMODITIES AND AGRICULTURE

Metal markets hit by sudden gold price collapse

BY JOHN EDWARDS, COMMODITIES EDITOR

THE SUDDEN collapse in old brought a sharp downturn in other metal markets yesterday. Gold fell \$16.5 to \$488 in London. After moving up in the morning, the markets were hit by heavy stop-loss selling hy

E3

worried speculaters.

Copper was typical. The three months high grade price reached a 34-month high of £1,146 in the morning, but fell hock to £1,123 in later trading. The cash price closed £3 lower at £1,094 a tanne.

The snot price of pilver was The spot price of silver was 3.45p up et the London bullion morning fixing, but ended the

down at £302.65 an ounce. The recent upsurge in aluminium futures was also reversed, with the cash price closing £10.5 down at £842.5 a tanne.

Traders noted that after the initial ebock created by the gold price collapse, buying interest emerged at the lower levels for base metals. The cuts in oil prices, while unsettling financial markets, shauld eventuolly bring increased demand for industrial metals. However yesday at 923.5p a troy ounce. Free market platinum closed £7.45

dustrial metals. However yes-terday U.S. producer Asarco,

out yesterday, forecasts sub-etantial gains in copper, gold and silver prices during the The only exception was tin, where prices were hoosted hy sustained buying believed to be on behalf of the huffer stock of the International Tin Council. Cash tin closed £68 higher at £8,635.5 a tonne.

and commodity market review predicts gold rising to over \$900 an ounce, silver exceeding 1,200p an ounce and copper moving above its previous all-time high of £1,400 a tonne.

lowered its domestic capper sellowered its domestic capper sel rekindling inflationary expecta-

The review suggests copper prices will he hoosted by tha possibility of a prolonged U.S. copper warkers strike in the summer, coupled with worsening Third World productian and

transport problems. Gold and silver are forecast

French call for sugar buffer stock

Traders noted that after the

BY LARRY KLINGER IN BRUSSELS

FRANCE yesterday renewed huffer stock as prohably units call for the creation of an workable and in any case too huffer stock as part of any new world sugar agreement that would include EEC member.

However, M André Chander agreement.

However, M André Chander agreement.

significantly did not rule out day's EEC Foreign Ministers eventual French agreement to a new International Sugar opposed to any new ISA based Agreement (ISA) based on nationally controlled measures, it nevertheless placed Paris after exporters bad fulfilled atl firmly on record as saying of their stocking ohligations. that stern controls would have to be put into place to win its difficult to support an ISA

The European Commission, which is asking the EEC mem-ber-states for an agreed nego- Mean tiating stance centred on its no action on the sugar issue yes- taken if stipulated trigger proposals for a three-tier ISA, terday other than to call on the prices were breached, including embracing both agreed stock member-states' ambassadors to levels ond export quotas, has discarded the ideo of a world proposals for opproval when to alcohol.

While the strong statement European affairs, told yesteron export quotas. These should only be used at a last resort after exporters bad fulfilled atl backing for Cammunity partici-pation. unless it embraced stern rules to ensure that agreed stocking levels could not be circum-

The Commission is proposing that the world's ten biggest exporters should not he subject to quotas but should increase their stocks under 8 new 1SA to between 5m and 6m tonnes, to which the EEC cauld contribute around 2m. Medium-sized producers would operote quotas and a limited stocking system, while the smaller Third World producers would export freely

below certain ceilings. The plan also provides for Meanwhile, the Council took other possible measures to be

Potato crop in line with demand

POTATO Marketing Board's latest supply statistics support the view expressed last Septem-ber that this year's crop is hroadly in balance with demand. Production and stock estimates

Production and stock estimates ore proving to be very close to forecast with the figure af 6,528,000 tonnes only 13,000 tonnes tess than that forecast on September 3 1982.

Consumption figures are proving equally consistent. The current halance sheet figure of 5,832,000 tonnes is only 20,000 tonnes above September's estimate. Before taking any mate. Before taking any account of the hoard's recent intervention in the market to purchase up to 50,000 tonnes of portatoes far processing into chips, the theoretical halance is now a curplus of 2,000 tonnes.

METALLGESELLSCHAFT AG intends to ehut down to lead and eliver smelter st s 50 per cent owned subsidiary. Braubach GMBH, during March and April, duc to lack af the necessary secondary raw necessary materials.

PHILIPPINES plans an emergency planting of a still-uncertified high yield corn hybrid to counter the effects of the country's warst drought in 10 years. About 1,000 tonnes of the white corn hybrid developed by San Miguel Corparation would be planted as soon as possible in about 50,000 hectares in the south.

 BARLEY is likely to strengthen further according to the UK Home Grown Cereals Authority's February 21 market repart. A cantinned high rate of barley exports from the com-mercial market could redoce free supplies further and give added strength to the domestic

market. • THE INDONESIAN Gavernment is very cautious over the ment is very cautians over the possible use of Cameroon weevils to improve pollinatian of palm trees, as in Malaysia, it said the long-term impact of the weevils has not heen sufficiently documented to warrant the introductian.

Farm incomes up 45% in 1982

are PETER Waiser, the Mmis-ter of Agriculture, professed himself "delighted" yesterday to announce that UK farm in-comes rose last year by an esti-mated 45 per cent, more than eight times tha inflation rate.

MR PETER Walker, the Minis-ter of Agriculture, professed himself "delighted" yesterday the improved level could be maintained this year, given average or better weather con-ditions.

eight times tha inflation rate.

He wetcomed the fact that whuc food price increases were running at the lowest levels for mon Market Commission proters were receiving their highest wage increases even. farmers bad been able to make a substantial recovery from the severe income depression they had suffered in recent years.

But the 45 per cent increase additions.

Against this background he hoped for "prudence" at the current EEC price fixing. Common Market Commission proposals would give UK farmers an everage 4.1 per cent rise in their product prices. This is higher than the British Government would like hut mass other community Agriculture Ministers are arguing for a more generous settlement.

country, Mr Walker claimed.
This was due to higher productivity which resulted from good labour relations and the epeed of application af technical developments. He praised developments. He praised springer share of the home lighted the first good naws for the home lighted the first good name to the fir an increasing sbare of the bome and export markets while stress-ing that there was still "enor-mous progress" to be made in winning a greater share of the EEC market.

In particular be thought UK pig producers, who had been complaining bitterly about in-adequate returne, could make

Sir Richard Butler, president of the National Farmers' Ur 19-1, said the White Paper highlighted the first good news for the industry following several years af very severe financial pressures. "If the recovery can be sustained, the whole British pressures will be said economy will beneft," he said.
But he stressed that the 1982
figures should be seen in perspective. Despite the overall recovery, producers of pigs. eggs

had suffered in recent years.
But the 45 per cent increase, to £1.249bn, forecast in the Annual Review of Agriculture White Paper, which followed a 27 per cent rise in 1981, still left real farm income well below the levels reached in the mid-1970s, he said. The index of farm incromes—allowing far infiation—based at 100 in 1975, was only 77, against s peak af 111 in 1976.

Mr Walker also pointed out that last year's atrong performance was largely due to the near perfect weather conditions which had led to humper crops

Description of the single performance was largely due to the near perfect weather conditions which had led to humper crops

The Minister was pleased that the generous settlement.

The Minister was pleased that the generous of situation hod organisatian which is due to begin operations in April cauld help towards this end, he said.

Farm workers' earnings also best inflatian last year, secardbest inflatian last year, secardbest in set of the situation hod organisatian which is due to begin operations in April cauld help towards this end, he said.

Farm workers earnings also best inflatian last year, secardbest inflatian last year, secardbest in set of the situation hod organisatian which is due to begin operations in April cauld help towards this end, he said.

Farm workers earnings also best inflatian last year, secardbest inflatian last year, secardbest in the sector was sufficient to improve their marketing. The food From Britain msrketing umhre

EEC tackles its Mediterranean problem

BY LARRY KLINGER IN BRUSSELS

THE EEC this week begins an the actual date hardly exists, March 21 and 22.

solution is needed nat any to soothe the European Community's own Narth-South problems, but is vital if negotiotions are ta pragress an the planned enlargement of the Community to include Spain. Spain as a large and efficient

agricultural producer could pose a considerable competition threst to the EEC's sauthern states while creating a possibly unacceptable drain on Comber, the EEC Council of Agrimunity price-support finances. culture Ministers is charged Spain is still technically set to with finding a solution by the join the EEC on the first of time the teo heads of government year. But Brussels betting ment meet again in Brussels on

What is clear is that, without quick and firm decisions by the EEC Council of Ministers on revising the existing rules gaverning Mediterranesn agri-culture, the essential negotia-tians with Spain will reach a

seriaus impasse. Under instructions laid down at the Europeon summit mecting io Copenhagen last December, the EEC Council of Agriculture Ministers is charged

intense efforts to resolve its such is the uncertainty over to this end, the Commission long-standing differences over whether the ogricultural issues will this week seek to agree an solution is needed nat anly to solved.

To this end, the Commission will this week seek to agree an a list of "suggestians" to break solution is needed nat anly to solved. range of issues invalving fruit, vegetable and olive oil produc-tion sad the degree of price protection to be allowed both and Greece, chompianed to some extent by France, are intent an domestically and from imports,

> at a special Cauncil session on March 8 and 9. March 8 and 9.
>
> But, despite this oulward on the other hand, the demonstration of official political commitment to the "rapid Britain and West Germany, maintain that to meet southern despite the community maintain that the community maintain the commun

The EEC Farm Ministers are to

devate a full two days of talk-ing about virtually nothing else

manlous enlargement of the Community," the pathway remains as stony as some olive groves and the differences-hoth practical and in principle

—are still coosiderable, The southern natione of Italy extracting the best deal possible far their farmers to redress what they see as the continuing imhalance of the Common Agriculture Policy (CAP) in favour of the North.

on a number of important issues demands fully might again over-in order to facilitate a har-extend the CAP financially

PRICE CHANGES =

BRITISH COMMODITY MARKETS

e tonnes unices stated otherwise		+ or	Month ago		Fob. 22 1965	+ 01	Month ago
ictals lumfolum reo Mkt opper ash h grade 5 mths ash Gathoda 3 months old troy oz	£1275 1806 £1094 £1126.5 £1070 £1101	-8 - 2,75 -5,5 -2,75	£1090,110 £1010,5 £1961,75 £994.5 £1024,5	Olls Coconut (Phil) 0 roundnut Linseed Crude Palm Malayan Seeds Copra Phillo Soyabean (U.S.)	£317 \$877,5x	(man-19-1	£332 8377.6
ead Cash Emorthy ickef alladium attachum uicksilvert iver trov oz	#297 £509.25 £4384 198,2860 5117,76 £302.80 \$849;888	-0 -8,25 -0 -7,45	£899.75 £511,70 £4384 170:2004 \$116.75 £295,20 \$685:646	Grains Barley Fut, May Maize Wheat Fut, May No2 Hard Wint Other commodities Goods ship	2180,40 2140,00 2140,00 218,50	-0,20 + 1,26	C1 17.20 £146.60 £126.95

3 mins.,,,,,,,,, 968,70, .+4,78 854.10,

LONDON OIL SPOT PRICES

GRUDE OIL-FOR (Sper barrel)

PRODUCTS - North West Europe GIF (S per tonne) Premium gaedine - 266 268 : -1.0 Gas olf - 251 250 -5.0 Neavy fuel oil - 158 159 -2.0

GOLD MARKETS

ss0s-504. The morning axing or 550s per ounce, or sold per ounce, or s

the fatt. In Paris the 121 kilo bar was fixed at FFr 110,000 per kilo (\$503.65 per ounce) in the after-oson, compared with FFr 110,000

(\$503.41) In the morning, and PFT 110,000 (\$504.40) Monday afternoon.

In Frankfurt the 124 kilo bar was fixed of DM 38,900 (\$504.99 August 806.70-07.7-18.30 per ounce), against DM 38,645 afternoon.
In Frankfurt the 12½ kilo bar
was fixed of DM 38,900 (8504.99
per ounce), against DM 38,845
(8504.97) previously, and closed

Men.

Month 'Yest'day's + or Business Close Dono

S U.S.
por tonnes

324.78 -18.25 223.50 24.80

March 222.75 -2.75 224.50 18.80

April 815.00 -2.90 218.08 12.08

May 811.75 -5.40 217.98 10.80

July 215.25 -4.75 216.76 15.80

Aug 214.00 -1.00 228.80 14.00

Sept. 817.50 -4.81 219.25 17.59

Oct 221.50 -7.00 221.50

Tumover: 4,943 [5,121] tots of 100

tonnes.

GAS OIL FUTURES

The merket opened a shade weaker and fall lurther on continuing lears of spanning crude price cuts. A brief short-covering rathy was seen. After heavy selling towards the close the merket firmed again, reports fromor Man.

Gold fell \$16\; to \$487\; 488\; in ot \$487\; 488\; compared with the London bullion market yesterday. It opened at \$502\; and touched a peak of 5503\; and touched a peak of bar was fixed ot the equivalent \$503\; 504\. The morning fixing of \$503 per ounce, compared level was \$503\; 50 but the metal with \$505\; 75 on Monday.

LONDON FUTURES

In Zurich gold finished at \$485

Month Closs - Business S per troy

Turnover: 851 lots of 100 tray ounces Gold Buillos rfine Cuncal

Krugernd : ISOS14 50414 (£5511 4.538) Krugernd : ISOS14 50414 (£5511 4.538) Krugernd : ISOS14 50414 (£5511 4.538) Krugernd : ISOS14 50414 (£1701, 1711a) Victoria Sov 2116-11014 (£751a-761a) 4 Krug : ISOS14 7507 87741 Fronch 20a S104-104 (£561a 505) Fronc EUROPEAN MARKETS

NOTTEROAM, February 22 ROTTERO AM, February 22
Whast—(U.S. \$ per tonne): U.S. No
Two Red Winter Nerch 150-50, April
(60.50, May 101.50, Jone 163 U.S. No
Three Amber Berum April, May 169,
May 169, June 170, July 170-50 U.S.
No Two Northern Spring 14 per cent
Feb 168, Morch 167, April, May 168,
May 169,50, June 170, July 172,
Cenadien Westen Red Soring April/
May 165,
Maire—(U.S. \$ per tonne): U.S. No
Three Yellow seor 134, 4ftest C.I.F.
Ghent 133, Feb 132, Merch 132, April/
June 134, 50, July 55ept 155.50, Oct/Dec
134, Jen March 140.50 sellers.
Soysbesse—(U.S. 5 per tonne): U.S.

Two Yellow Gulfperts Feb 239, 25, May 144, Aorn 243 25, May 148, Juno 248 50, July 251.50, Aug 253 75, Sept 255. Oct 253 25, Nov 252.00, Dec 257.25, Jen 261.75 sollem.

Soysmeal—(U.S. S per tonne):
44 pt cent effeer 213 traded; silloot 213, Feb 213, March 219, April 215 50, April 255 20, April 257, April 277, April, Sopr 227 sollers.

PARTS, February 22 Cocce—(FFr per 100 kg): March 1335-1325, May 1425-1423, July 1415 bd. Sept 1495-1500, Dec 1450-1495, March 1680 brd. May 1489 bid.

Sugar—(FFr per tinne): May 1531-1532, July 1575-1590, Aug 1523-1633. Oct 1655-1666. Nou 1655-1665. Occ 1705-1720, Morch 1819-1821, May 1870-1865.

or Month BASE METALS

BASE-METAL PRICES lost ground on the London Metal Exchange following the sudden share fell in practicus metal the sudden shero is it in practicus metal prices around table opening of U.S. markets. Copper initially rose to £1,146 on apeculative buying but premptly fell away to a low of £1,123 after the drep in gold prior to raillying to £1,129, at the close of the tell key. Other metals moved similarly, Lead closing at £312 S, after £318. Zinc at £462, efter £466, Aluminium at £378, after £355 and hiskel at £2,830, efter £3,005. Suffer atock support pushed to £8,635.

t Unquoted, w March. 4 April, x Feb-March. 1 Per 18-th Sask, Ghane occos. s Nominal.

LEAN Official - Unofficial - Un Leed—Morning: Three months £317.00, 18.50, 18.00, 18.50, 17.00, 12.50, 16.00, 15.50, 16.00, 16.50, 12.00, Alternoon: Three months £316.00, 16.00, 16.50, 12.00, Alternoon: Three months £312.00, 11.00, 12.00, 10.50, 09.50, 10.00, 12.50, 11.00, Tumover 17,100 ronnes.

ZINC Official - Unofficiel -1 Zinc—Morning. Three months £463 00, 52:50, 63:00, 63:50. Kerb: Three months £464:00, 55:00, 68:00. Afternoon: Three months £480.00, 59:00, 60:00, 62:00, 61:50, 81:00, 60:00. Serb: Three months £462.00, 51:6, 62:00, Tumover 11:725 tonnes. ALUMINIUM

Alumin m. a.m. + or 0.m. + or Unetficial -1

5pot. 864 5 + 12 842 5 -78.5 a montes 891.5-2 + 14 869.5-70 -9.5 Allem Matthew Morrano: Three months 1894.00 93.00, 94.00, 94.50, 95.00, 94.50, 95.00, 94.50, 95.00, 94.50, 95.00, 94.50, 95.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50, 94.00, 94.50,

NICKEL

SILVER

LME—Turmover 225 [100] lots of 10,000 ozs. Maming: Three menths 998.0, 695, 70.2, 68.5, 69.0, 69.5, Korb: nil. Alternoon: three menths 945.0, 48.6, 49.6, 48.5. Karb: three menths 949.0, 50.0, 50.5, 51.0, 51.5, 52.0. allVER Bullion + or LME + or per lixing - o.m. - Iroy ez. pnce Unol lis 1

COCOA Close Done £pertonno March. 1228 82 -0.0 1312-280
May 1302-03 -21.0 1338-00
July 1318-20 -19.0 1352-18
Sept. 1327-22 -19.0 1358-20
Oes 1339-14 -145 1388-02
May 1265-76 -12.5
May 1265-76 -12.5
Sales: 1.541 (1462) logs of 10 ton-es.
ICCO-Dary price for feb II. 87.13 1288 82 -0.0 1312-280 .1502-03 -21.0 1338-00 1318-20 -19.0 1332-18 1327-23 -19.0 1352-20 .1339-41 -14.5 1388-40 1654-56 -13.0 1380-62 .1368-70 -12.5

72, 71, 71.5, 72, 73, 74, 73.5, 74, 75.5, (88.77). Indicator prices for Fab 23: 76, 77, 79, 78, 9, 80, 79, 78, Turmover: 89.01 (89.35), 57,300 tonnoe.

NICKEL

Strong commission house and trado buying encouraged serily geins, reports Oracel Surnham Lembert. Although early desines were light, activity increased during the afternoon with a resultant firm close. COFFEE Yesterday's or Business Dohc

GRAINS

Month close close

April ... 72.00 71.40 72.10-59.80 May ... 19.30 72.50 91.00-78.00 Nov. ... 68.30 77.30 68.80 Feb ... 77,00 75.50 77.06 Turnever: 903 (849) lots of 40 tonnes. RUBBER

The Lendon physical market opened stacky and with good terminel interest throughout the dev closed firm. Lewis and Peor reported a Merch feb price for No. 1 RS6 in Kualo Lumpur ol 223.0 (214.5) cents a kg and SMR 20 204.0 (192.5).

Physical closing prices (buyers)
were epit (85.00 (85.00p); April 71.25p

WOOL FUTURES

SYDNEY GREADY WOOD—Clove (in order: Buyer, seller, business);
Australian cents per + p. March 531.5, order: Buyer, seller, business);
Australian cents per + p. March 531.5, order GRE—Crite 93.14p per kg est dew [-11.64]. GRE—Pige 84.950 ore kg two per 40.781. GOVERN GARDIEN—Prices for the bulk March 533.0, 537.0-531.5; May 562.5, 554.0, 556.0-557.2; July 565.0, 568.6, 568.0-565.0; Tacr 551.0, 552.0, 568.2-551.0; 566.0, 570.0, untreded; May 570.0, inq 10 size. Tomples—Jaffe; 4.50-16.0, 584.0-583.0, 6.5ize; 146.

LORDON NEW ZEALAND CRIISA-8REDS—Close (in order: buyer, sciler, 565, 144.5.45, 168.5.30; Moroccen: Ruby) 3.

business). New Zesiend cents per kg. March 351, 362, 351; Mey 373, 382, 376-375; Aug 385, 397, 397-395; Oct 405, 410, 407-405; Occ 412, 415, 416-411; Jan 415, 417, 418-414; Merch 422, 426, 424-422; Mey 431, 435, 433-431; Aug 441, 448, 444-443, Seles; 53.

INDICES ... FINANCIAL TIMES Feb.21 Fcb. 18 M'th Ago Y'ar ago 260,45 860,18 249,27 | 244,99

REUTERS Feb. 22 Fob.21 Minago Y'ar ago 1698.3 1689.7 1648.5 : 1609.5 (Base: Soptember 18 1931 - 100) MOODY'S

Fob. 18 Fob. 17 M'th ago Y'ar ago 1277.8 1083.8 t048.1 1005.5 (Occember 31 1931 - 100) DOW JONES Jones 18 17 ago ago

SOYABEAN MEAL

The merket openad eterdy in quiot conditions, roports T. G. Roddick. Prices rameled steedy with trade buy-Seles: 132 (87) lots of 100 tennes.

The market was quietly atesdy during the meming. Quotabens essed charply following lower Hew York prices where the sport March position, which septres next Tuesdey, was under liquidation pressum, reperts C. Czemihow.

E per tonno

March 118,05-118, 10 114,06 14,25-118,10-15,00

May ... 118,05-16, 10 117,15-17,25-18,02-18,00

Aug ... 118,05-16, 10 117,15-17,25-18,02-24,25

Oct. 131,75-61,80 112,05-25,56 126,50-24,25

Dec. 157,00 67,25-137,56-8,775-168,00 37,30

Merch 147,00-47,15-18,75-47,56 18,00 37,30

Merch 147,00-47,15-18,75-47,56 18,00 37,30

Merch 147,00-47,15-18,75-47,56 18,00 37,30

Merch 147,00-47,15-18,75-47,56 18,00 37,30

Merch 147,00-47,15-8,75-47,56 18,00 37,30

Merch 147,00-47,15-8,75-47,56 18,00 37,30

Merch 147,00-47,15-8,75-47,56 18,00 37,30

Estes 3,402 (118,22) fors of 50 tonnes.

Ters and Lyle delivery once for gmuletad bases whire super wes

£405.30 (198m) e tonne for herm undo and £211,00 (£211,00) for oxport.

NEW YORK COCOA 10 tonnes, \$/tognes

Merch May July Oct Dec March May July

Spot 148.58 (48.71 142.03 127.88 Fuller 151.78,151.38,146.55 163.59 (Sees: Occomber 31 1974-100)

Yosterdy's + or Business Close Dona

SUGAR LOHOON DAILY SUGAR—Raw sugar E106.00 (same) a tonne cli Feb-Merch. Apri shipment. Whits sugar E144.00 [E142.00).

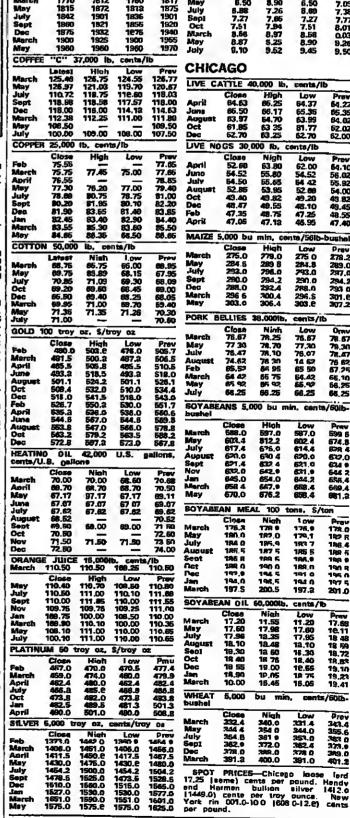
MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scottleh kiled sides 78.3 to 83.8. Veal: Outch hinds and ende 135.0 to 138.5. Lamb: English smeil 82.2 to 88.0, medium 80.0 to 84.0, heavy 72.0 to 75.0; Imported: New Zeelsend Pt. 49.0 to 50.5, PM 48.0 ro 49.0. Ports: English, under 100th 35.0 ro 50.0, 100-120th 42.0 to 41.0, 120-180th 34.2 to 44.0. GRIMSBY FISH—Bupply fair, demand leir. Prices all ship's side (unproceeded) per atone: shell cod 63.50, codings £1.50-f1.80; small heddock £2.00; targo pietce £4.00-£4.20, medium £3.60-£4.20, bear smelt £3.80-£4.60; rockfish £3.00-f3.80.

MEAT CIBINMIBSTRN—Averege latetock prices all representative markots:

Moet markets reacted negatively to the lowering of crudo oil prices with the exception of cotton and five cettle. The rest of the markets come under early pressure which triggered measure long liquidation and further technical salling. Towards the said of the day margin call fiquidation added to the downeide preseure, Precious metals were limit or neer limit—down at the markets interpreted the lower oil price as an indication of declining inflation; soliling sadding to the downside markets interpreted the lower oil price consentrate. Some the price collapsed on the close markets interpreted the lower oil price consentrate. Occee and coffee were strong performance. Super prices collapsed on the close metals were limit—down at the markets interpreted the lower oil price collapsed on the close metals and interpreted the lower oil price consentrate. Occee and coffee were strong performance. Super prices collapsed on the close metals are involved to the collapsed on the close metals are involved to the collapsed on the close metals are involved to the collapsed on the close metals are involved to the collapsed on the close super scripts between limit and ownside metals and the collapsed on the close strong leaves and complete and ownside metals are collapsed on the close super scripts and complete and ownside metals are collapsed on the close super scripts and control with a strong downtrend with a strong performance. Super prices collapsed on the close were scripts between constant was a the collapsed on the close super scripts and constant are constant.

SUGAR WORLD "1" 112,000



Nevels 4.20-5.40. Lamons—Turkish: 00/150 3.00-4.00: Cyoriot: 8 kg 2.80-3.69: Spenis: troy 5 kg 25/50 1.80-2.40; Jeffs: 1rev 42/49 2.00-2.30; Carton 3.80. 5.00. Grapefruit—Cyoriot: 27/56 3.00. 4.00: Jeffs: 32 4.75, 38 0.85, 40 5.00, 48 5.10, 56 4.30, 64 3.90, 75 3.75, 88 3.40, 2.50-2.00

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LOANS—Continued

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	BRITISH	FUNDS	106 308 83 79 90 87
18	"Shorts" (Lives up	to Five Years)	103 103 103 103 103
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191 S3.00 99 America 215 686 20 19255 13 \$1.70 5.8	290 911 ₂ Do. No	res 4 500 385 173.5 on V. 50p 255 173.5	10 2001	162 56 237 125 268 123	MFI Furnium 10p Maris & Spencer Marim News	202 146	24 2919.7 21 1321.1 31 4.1 85	201 ₂ 11 F	First (G. M.) 10p Folkes Hife nov 5p El Intol, 20p	233mi	4 11.25 11.25	0.911.2 (M
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.521, 671, 5340 — 5.5 285and 5230 — 5.1 22 5280 — 80	TIME	BER AND ROA	DS	155 951 ₂ 178 46 212 97	NSS News 10p.	118 -4 N1.0	10 29 507	150 44 10	reen's Econ LKNL E.L	139	3 8.0 0 25	15 14.4 5
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7el, 51 2014 \$2.76 8.3 \$1, 1514 60c - 3.2	80 51 Baggers 34 11 Banley	rds, 50p. 562 +10.5 stgr Bric. 72 438 Bert 10p. 27 0.81	13 43 (3)	21 11 11 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Raybeck 10p Read exit 5p Rec Amie' A' N V.	37 -1 42.26 16 01 126 73.36	_ 10 _	59 341 ₂ 1 110 78	tell & Smith topkinsons 50p toward Machy.	49ad	4 35.44	27 7.2
17 \$1.00 - 37 \$0.50 . 20°pad . 52 - 16	11 20 Beeche	Dec. 10p. 512 +2 12.35 scood 10p 31 1.5 y	13 63157	30 10 40 15 130 89	S&U Stores 121go Dc 25 Pt 121go Samuel (H) '4'	25		170 133 1	iorden Group . .M.I	172 500, +	4.4 12 \$4.5	
USS7.50 27% \$3.04 7.0 nch \$1 45% 51.44 2.0 1 USS2.5 44½ 53.70 5.2 1 USS2.5 51.08 45	62 42 Bett Br 245 122 Blockle	6 M, 10p 42 +1 3.03 ros. 20p. 50 -1 1.1 ros 20p. 243 +3 17.3	24 10.3 5.8 1.8 8.4 8.1 2.1 4.3 15.7	274 144	Selvicourt 50 Swell W H '4'50n. Stanley A.G. 50	12 232 -6 15.25		74 49 22 5	eavens Eng lohnson & Firth lones Shipman .	72	413.75	174
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25 20\ \$3.00 - 91 51 \$100 - 21 *ca\$1. 15\ \$1.50 - 60	150 73 Grouch 124 50 Grouch	(0.) 20p 93 5.05 Group 124 4.83 org-) 25c 108ml 5.7	14 7.8 9.7 21 54 00 H	230 159	(Water-only 1688) Sup	230 4	1-134-	34 35 16	Antiand Inds. Sp . Anting Sup. 10p AntheliSpin, 10p	43	2 0.1 3.25	271114
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	C341 ₃ C24 Sayer Ai 118 76 Slagder 137 85 Saren Cr 21 10 Srr. Str 55 36 Str. To C175 C371 ₃ WCbr Geo C171 E85 Wcbr Geo C171 E85 Octabes 1 92 50 Coates 1 92 45 Do. 'A' 25 14 Cory (M: 102 72 Groda Is	Bros 92 133 NV 90 133	2.8 1.9 29 2 1.3	350 122 \$30 67 \$105, 662 276 54 269 27 355 275 82 41 1822 126 487 375 1532 107 155 108 335 240 158 100	Security Centres, viscounty Tag Syst Sany Co. V50 Sound Dullun Sg. Set Tele & Cadles Stater So. Do. A. NV Sp. Tele-Peritals Thorn E MI. Do. XX Dr. P. 92-94. Thorse F. W. 100. Taches & Corner 150 U.E.I. 109	571	42 0.6 39 9 4.9 1.4 1.4 1 4.0 0.4 70.6 0 4 70.6 0 4 70.6 1.5 0.9 43.0 2.9 3.6 10.5 2.9 4.7 10.3 2.9 4.7 10.5 1.5 4.3 (0.5) 1.5 4.3 (0.5) 1.5 4.7 19.3 2.7 1.9 10.33.7 1.2 3.9 29.4	37 151, 81 58 28 F 58 28 F 59 107 72 F 107 00 00 00 00 00 00 00 00 00 00 00 00 0	unsh Bon A'(1) poland (J. E.) 5p. M C. Sher (A.) 5p. scher (A.) 10p.	70 +1 26 -1 32 +6 127 +1 105 260 2102 310 +2 310 +2 310 +2 310 +2 310 +2	41 435 0.88 61.0 16.83 3.0 108.0 11.25 8.0 2.9 6.0 12.65 11.20 18.15 10.0	15
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| 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113 | 4 | 113

THE OFFICE A SHOWN SHOWN AND A Financial Times Wednesday February 23 1983 31 INDUSTRIALS—Continued LEISURE—Continued PROPERTY—Continued INVESTMENT TRUSTS-Cont. OIL AND GAS—Continued Price - Net Cw Gr) P/E 1982/83 Law Stock Price + or Div. | Yid | Price - Net | Circ Se's PAE Price - Net CW Gr's P/E | The state of the MINES—Continued Central African Stack Price + or Obs. C'w Gr's Australians WACM 20c.
Wingsy Gete Ni. Ze.
Wingsy Gete Ni. Tins Miscellaneous 90 20 WAnglo-Dominion | 225 25 | WAnglo Utd. Dev... | 135 27 | WColty Res Corp... | 140 2 | 125 | 170 Cons. Murch. 10c. | 125 | 55 | WHighwood Res... | 160 | 125 | 160 Northpate CS1 ... | 122 | 124 | 122 | 124 | 122 | 124 | 124 | 125 | 124 | 125 | 124 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 89 |+2" = |-|-REGIONAL AND IRISH
STOCKS
Tollowing is a selection of regional and irish stocks, the latter is quoted in Irish carrency. Albany Inv. 20p. 49
Bertrams 17# 17# 1886 wh. Est. 50p. 483 - Crols & Rives CL. 123 c. Flatay Phy. 5p. 31 c. Gray Shb. 11. 521 higgson, Brew 105 helt Lies 125p. 880 c. LO. W. Sun. £1 95 c. Pearl Ridgs. 125 c. Flatay Phys. 5p. 165 c. Flatay Phys. 5p. 165 c. Flatay Phys. 5p. 165 c. Flatay Phys. 165 c. Flata | The control of the OPTIONS 3-month Call Rates Indianthisia
Allied-Lyors
BOC Grp.
BOC Grp.
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Bosh Grp.
Bosh Grp.
Barcisy, Bank Beechar
Blue Circle
Boots
Bewaters
Brita Aerospace
BA.7.
Brown U.J.
Brown U.J. | House of Frager | 1.C.1. | 177 | Imps: | 1.C.1. | 177 | Imps: | 1.C.1. | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 Hawker Side ______ 30 | Undever_______ 65 | Rto 7, Zett _____] 42 |
A selection of Options traded to green on the
Lordon Stock Exchange Report page

"Recent (Issues" and "Rights" Page 27
This service is subliable to every Company deatt in an Stock
Exchanges throughout the United Kingdom for a fee of \$600
new Annum for each security

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling remains very nervous

Sterling's closing trade-weighted index 2f 79.7 was the lowest sloce June 1978. Can-tinuing nervaussess about the world 2il price situation put renewed pressure on the pound, which weakened sharply against the dollar and Continental curties.

SwFr 1.9930 in terms of the Swiss franc; and to Y234.15 from 1923.250 against the Japanese yen, 2732.50 at the classe, a fall of 1.55 cents at the day. The pound fell to DM 3.67 from DM 3

DOLLAR — Trade - weighted index (Bank of England) 119.3 againsi 120.2 stx mnuths agn. The dollar still shows a small rise on the year because U.S. interest rates bave not falten as expected. High Federal funding expected. High Federal funding requirements have 61so kept rates farm, white recent indications of a more accummodative monetary puticy and renewed bupes of a cut in the discount rate have so far had little effect on the exchange rate.

The dollar rose to DM 2.4120 from DM 2.3950 against the D-mark; to FFr 6.84 from FFr 6.7825 against the French frane; to SwFr 2.02 from

OTHER CURRENCIES

Argentina Peso 88,815 88,845 58,400 58,450 Austria...

Australia Boltar., 1,5730 1,5750 1,0360 1,0365 8elgium....

576,53 580,53 379,54 381,44 Benmerk Finland Markka, 8,132B,8180 5,3480-6,5450 Gereek Brachma, 125,733 128,26 83,40,83,50 HongKong Ioffar 10,021-10,001-6 6,5975 6,6025 Hall Mark Boltar 10,021-10,001-6 6,5975 6,6025 Hall Mark Boltar 10,041-2 0,443 6,5975 6,5025 Hall Mark Bolta

THE POUND SPOT AND FORWARD

1 5200-1,5210 1,8630-1,8640 4,053-4 063-72,20-72,30 13,01-13,02 1,7050-1,1070

13.07-13.02 1.0550-1.1070 3.654-3.674 139.00-141.01 197.40-137,70 2118-2118 10.90-10.82 10.394-10.404 11.284-11.304 3554-3568 3.063-3.074

10-20e dis 44-54-ore die 0.24-0 35p dis 2-14-pl pm 510-1285c die 145-205c dis 1-14-ore dis 1-14-ore dis 1-15-ore dis 1-2-10-ore dis

Inwest 6loce June 1978. C2nthuing nerv2us2ess about the
world 2il price situation put
renewed pressure on the pound,
which weakened 6harply against the dollar ln 1982-83 is
the dollar and Continental curreneies, before staging a partial
recovery towards the close. A
report that the Gulf slates are
considering a cut of \$4\$ a barrel
in the price of oil came too late
to influence trading.

The dollar was very firm after
tile long weekend holiday in the
U.S. particularly against the
Swiss franc which lost ground on
a large selling order out of the
linernational Monelary Market
in Chicago.

DOLLAR — Trade - weighted
index (Bank of England) 119.3
against the Japanese yen.

C2 4 8 on 8}
STERLING — Trading range
against the dollar in 1982-83 is
1.9285 to 1.5150, January average
1.573a. Trade-weighted index
79.7, against 79.8 at noon, 80.1
at the opening, 80.2 at the previous close, and 91.5 six months
aggested as causing the weakness are lower oil prices and uneertainty about an early general
clection. Falling inflation, a
dererasing budget defielt and
one of the largest trade surpluses
of any major industrialised
nation appear to have been
ignared for the time being.

Sterling touched a high point

1.5735. Trade-weighted index 17.7. against 79.8 at noon, 80.1 at the opening, 80.2 at the previous close, and 91.5 six months ago. Sterling has renewed its recent decline and is still very weak and vulnerable. Factors suggested as causing the weakness are lower oil prices and uncertainty about an early general election. Falling infiation, a decreasing budget defielt and one of the largest trade surpluses of any major industriatised nalion appear to have been indicentally in the currency, however, and sentiment has improved recently on the weakening of the dollar.

EMS EUROPEAN CURRENCY UNIT RATES

Neto Rate

	ECU control rates	emounts ageinst ECU February 22	central rate	edjusted for divergence	Divergence
Selgian Franc	44.9704	44,9824	+0.03	+1.63	±1.5501
Oanish Krone	8.23400	8.11010	-1.50	+0.10	±1.6430
German D.Mark	2.33379	2.28299	-2.18	-0.58	±1.0838
Franch Franc	8.81387	8.47356	-2.12	-0.52	±1.3940
Durch Gulidar	2.57971	2.52455	-2.14	-0.54	±1.5004
Irish Punt	0.691M1	0.689326	-0.24	+1.36	±1.6691
Italian Urs	1350.27	1310.18	-2.30	~ 1.28	<u>+</u> 4.1369
Change	s ere for	ECU. thorelore	positive ch	range denotes Financial Time	• •

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Swiss Irane...... Guildor...... Franch Irane.....

Based on trade weighted changes from Washington agreement December 1971.

The Bundesbank did nat intervene when the dollar rose 12 DM 2.3960 from DM 2.3928 at lbe Frazkfurt fixipg. Trading was quiet as dealers waited to see how New York would open after the long week-end hollday, till price news pushed sterling down to DM 3.6580 from DM 3.6840. The Belgian franc was weak around its EMS intervention level, but improved slightly to DM 5.0760 st the fixing. The French franc fell to DM 35.265 per 100 francs from DM 35.27.

per 130 francs from DM 35.27.

FTALIAN LIRA — Trading range against the dullar in 1982-1983 is 1,489.75 to 1,196.00.

January average 1,374.11. Trade-weighted index 53.3 against 53.5 six months ago. Large poblic sector borrowing as a result of a growing budget deficit has increased Italy's already considerable inflationary problem.

The bira tended to weaken in quiet foreign exchange trading. The dollar rose to L1,383.30 from L1,380.80 at the Milan fixing without any intervention by the Bank of Italy. The French francimproved slightly to L203.58 from L203.50, and the Belgian franc to L29.306 from L29.297. Ampag other members of the EMS the guilder rose to L52.31 from L522.23, but the D-mark was little changed at L577.25, compared with L577.26. Sterling fell to L2,113.40 from L2,124.70.

CURRENCY MOVEMENTS CURRENCY RATES 8wiss Fr..... 41t 8.18852 Greek Irch 80 t 81.2678

* CS/SDR rate for Fab 21; not eveil-

THE DOLLAR SPOT AND FORWARD

1 115	DOTEAU	SPOT A	ID FORMA	שמו		
Feb 22	Gey's	Close	One month	% p.e.	Three months	% p.s
uxt	1,5165-1,5325	1 5200-1.5210	0.32-0.27c pm	2.33	0.89-0 84 рл	2.2
Ireland1	1.3725-1,3854	1,3725-1,3740	0.58-0.48c pm	4.90	1.75-1.55 pm	4.7
Cenede	1.2225-1.2265	1 2255-1.2265	0.07-0.10c dis	-0.83	0.14-0.17dls	-0.5
Nerhind.	2.6465-2.6685	2.6665-2 6685	0.90-0.80c pm		2.80-2.70 pm	4.1
Belgium	47.14-47.52	47.50-47.52	175-195c die		61-65 dis	-6.3
0enmark	8,4995-8,5700	8.5600-R.S700	2.30-3.30ore dis		8,60-8,60da	-4.2
W. Ger.		2.4115-2.4125	0.65-0.60pf pm		2.10-2.05 pm	
Portugal	91.00-93.00	92.00-92,75	350-850c dis	-78.26	550-1550de	-45.6
Spain	129.15-129.90	129.70-129 80	120-170c dle			-12.0
Italy	1382-1393	1392-1393	12-135lire dis	-11.04		-12,7
Norway	7.0680-7.1075	7.0875-7.0975	13-23 ore dis		7.40-3.40ds	-44
France	6.7775-6.8450	6.8375-8.8425	61-7e dis			-13.2
Sweden	7.3820-7.4230	7.3975-7 4075	1,40-1,90ore dis		4,10-4,60de	-2.3
Japan	232,25-234.80	234.10-234.20	0.44-0.39y pm		1.40-1.32 pm	
Austris	18.821-18.98	18.96 - 18.57	414-31 gre pm	2.76	131-11 pm	2,9
Swalz.	1.9940-2.0300	2.0195-2.0205	0.99-0.94c pm		2.95-2.90 pm	57

† UK and Ireland are quoted in U.S. currency. Forward pramiums and discounts apply to the U.S. dollar and not to the individual currency. Beigian rate is for convertible france. Financial franc 49.50-49.60.

Belgian rate is for convertible trancs. Financial france 75:30-75:40. Six-month forward doller 1,50-1,45c pm, 12-month 1.95-1.80c pm, **EXCHANGE CROSS RATES**

1. 98-13. 1.080 3.64-3.68 138.75-141.50 196.50-196.00 2107-2110 10.74-10.84 10.33-10.41 11.23-11.32 353-358

25.55-25.85 3.04-3.08

Feb. 22	Pound St'rling	U.S. Dollar	: Deutschom'k	JapanoseYen	FrenchFranc	Swiss Franc	Outch Gulld'	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	0.658	1,521	8,670	356,3	10.40	8,073	4,058	2117.	1,864	72.25
U.S. Pollar		1,	3,414	234,3	6,840	2,021	2,669	1892,	1,226	47.52
Deutschemark	0,272	0,414	10.50	87.07	2,834	0,837	1,106	576.8	0,508	16.68
Japanese Yen 1,000	2,807	4,268		1000.	29,19	8,625	11,39	5948,	5.231	202,8
French Franc 10	0.962	1.462	5,529	842.S	10,	2,954	3,901	2036.	1,792	69,47
Swiss Franc	0,325	0.495	1,194	115.0	3,385	1.	1,321	689,0	0,607	26,62
Dutch Guilder	0.246	0,375	0.604	87,80	2,563	0.757	1.e17	521.7	0,459	17.81
Italian Lira 1,000	0.472	0,718	1.734	168.3	4.813	1.451		1000.	0,880	34.13
Canadian Bollar	0,S\$7	0.816	t.e68	191.2	5,58t	1.649	2,177	1136.	2 579	38,77

MONEY MARKETS

London rates show a firmer tone

5.14 35¹4-30¹2 pm 8.30 6¹2-6 pm

was kept slable by a much smaller day-to-day credit shortsmaller flay-to-day credit short-ace. This was forecast at £200m by the Bank of England, com-pared with 1750m on Monday. In the interbank market over night money opened at 11½-1t per cent, and was around 11½ per cent to 11½ per cent for most of the day, before falling sharply to 8 per cent at the

The major factors behind yesterday's shortage were: bills maturing in official hands and a net take-up of Treasury bills by the market, absorbing £221m, with the unwinding of bill re-

finterest rates had 8 firmer tone on the London money market yesterday, although continued incrvouseness about sterling on the foreign exchanges was not translated into any very sharp upturn.

The short end of the market was kept slable by a nuch smaller flay-to-day credit short-

LONDON MONEY RATES

Fe0. 23 1883	Sterling Cortificate of deposit	interbank	Local Authority deposits	Local Auth. neget-solo bonds	Finance House Deposits	Comp. Ty Doposits	Olscount Merket Osposits	Treasury Bills •	Eligiüle , Bank Bijis #	Fine Trade Bills 4
Overnight		B-1112		:		11-111s	1012-1114	_		
2 days notice .			111a-113a	. – i	_	-			- :	
7 days or	_	l –		: — i	_	116g-1134	_	-	- 1	
7 days netico		114 1112	114	<u> </u>	_	1134-1178	11	_	!	_
One menth .	11 11:2	111 ₂ 115 ₈	113 ₈	12 le 11 3	1112	1134	11	11-11-	1116	11::
Two months .	1112-11.	11% 1112 :	114	11 a 11 a	1112	1134	11	. 11.11 7.		113
Three months.		11 '6 1112	1111	1132-11%	1112		107s	1012 11	11 22	1150
8ix menths	111, 11	1111.5	1114	11 14 10 %	115	i '			10 % 105g	1115
Nine months.	11,5-11	11.1114		11 4 1074	1114		_	(
One year	11,11	10 . 11	1074	1116-10 ia ;	1114	· - :		_	_ !	_
Two years			1112	_		! - '		_	_ 1	_

with the tinwinding of bill repairchase agreements draining another £176m. These were partly, offset by Exchequer transactipos, which added £150m to liquidity, and a fall in the oote circulation of some £50m.

Total help by the Bank of England was £236m. Before lunch the authorities bought was £236m. Before lunch the authorities bought form the first bought form on description of Scottsh Clearing Sank Rates Ipudished by the finance Houses Association in part cent. Treasury Bills 10 and £144m bank bills in part of the cent. Under £100,000 and ever held under one month 11% per cent. Corrisinates of £250m. Treasury Bills 10 and £144m bank bills in part cent. Under £100,000 and ever held under one month 11% per cent. Corrificates of £250m to £250m. Treasury Bills 10 and £144m bank bills in part cent. Treasury Bills 10 and £144m bank bills in the correct the first bought of £250m to £250m. The cent is the first bought form the first boug

MONEY RATES

NEW YORK

GERMANY

INTEREST RATES

Feb. 22	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterbng	11/9/11/12	1116 1112	11; 11,	1112-1159	11, d15	11 111
V.S. Deliar	81- 8	B>n Big	834.8	614 314	214 934	8 by 8 bg `
Can. Dollar	951-1012	21, 10	0 %, 2 %,	8., 8.,	0.>8	95, 10
D. GurlL'er	4 in 4	4 ₁ , 4;	44.476	43, 4 n	41c \$	SI ₂ SI ₄
S. Franc	1 1	454 474	21: B5m	243	3 . 3 .	5-, 3.
Deutschm'rk	514 514	5. S-	Sir Sir	5, 5,	S1, 5%	S., 5
Fr'nch Franc	1012 13	131: 1412	ai 22	22 23	21 21 4	3, 5,
italian Lira	16-1716	171.10	20 2155	211, 221,		1812 12
Beig. Fronc	10-11-5	17.4-10	20 2135	814 324	211 ₂ 324	2118 22
Conu	114 12	12.1319	171. 141.			
			1310 1412	144 144	13 1412	1314 1314
Fin	11 h 1t3s	12 1212	12 4 18 %	121112%	124.125	1214-t212
<u>Үел</u>	614619	6 lg 65a	6.6.	618.65	6.5 6.2	65, 63,
O. Krone,	11 is 12 %	14 Ja 14 3	16 16 ig	171/1754	(7.17)	17 1712
Asua 5 '5ing.i	8. B	8:5:0	Bīe O	0.816	0, 9	212-05a

3 month U.S. dollars 6 months U.S. dollor

, bid 8	offer 818	Old 9 5, 16	offer 0 5:15
The fixing rates ere of the bid end offerest 11 am sech work! Takyo, Noutsche Ba	d raide ipr 510m quo ne dav. Tha banke	ned by the market to era Neilonel Westmi	live relarence benks

74	One menth Three menths Six menths	12.93
-	JAPAN Oscount rate Call (unconditional I Bill discount [3-month)	S.5 6.343 6.843
th, ks of st.	SWITZERLAND Oiscount rate Ouernight rate One month Three manths	24-24

NETHERLANDS 0:secunt rate 0vernight rate 0ne month Three ments Six months	43-47
S CERTIFICATES OF	DEPOSIT
One month	\$.55-8.65 \$.60-8.70 8.75-8.85
Ana	a 10.0 20

LONG TERM EURO \$ SDR LINKED DEPOSITS

> **ECU LINKED DEPOSITS** 11%-11%
> 11%-12%
> 11%-11%

FINANCIAL FUTURES

The gilt contract weakened or market as sterling weakened, the London International Financial Futures Exchange yesterday, reflecting the fall of prices in reflecting the fall 21 prices in cash trading as sterling lost graund on the foreign exchanges. Futures prices touched their lows as sterling fell sharply on news that North Sea cil bad declined to a four-year low on the Particular and the standard with

Gilts depressed

the Rotterdam spot market, with Breat oil trading at \$27.55 a barrel. There was a slight recovery towards the close, how-ever, as long-dated interest rate futures opened firmer in Chicago. The March price closed at 100-26 from an opening of t01-05, and a previous finishing level of 101-23. The lowest price touched was 100-t2 p nturnpver of 1.516 lots. June volume was 337 lots. The three-month sterling deposit also eased on the futures

89.60 at the opening. This trend was encouraged by a firmer tone to interest rates on the London maney market. The June contract was quite actively traded at 1,190 lots, losing 42 hasls points from the previous close, while the fairly lightly traded March contract of 232 lots fell 27 potots to 88.88. The Eurodollar pil was also

rather more active, managing a ptal of over 1,000 lns. Prices were very stable, finishing virtu-ally unchanged on the day, at 91.13 for March delivery and 90.84 for June. The March price touched a peak of 91.17, and June 90.88, with both contracts showing ranges of only 6 basis points throughout.

LONDON	CHIC	AGO			
THREE-MONTH EURODOLLAR STM points of 100%		REASURY 0 32nds			8%
Close High Low Pres		Letest	High	Low	Pr
March 91.13 91.17 91.11 91.12	March	76-22	78-27	76-02	75-
June 90.84 90.88 90.62 90.01	June	75- 30	76-03	75-10	75-
Sept 90.49 90.50 90.42 90.44 Dec 90.24 90.24 90.24 20.21	Sept	75-10	75-13 74-29	74-23 74-10	74- 73-
March 89.97 — — 89.94	Merch	74-26 74-12	74-29	73-28	73-
Volume 1,100 (265)	June	74-01	74-03	73-23	73.
Previous day'e open int. 2.916 (2.926)	Sept	73-27	73-27	73-1S	72.
THREE-MONTH STERLIND DEPOSIT	Dec	73-18	73-20	73-08	72-
E250,000 points of 100"	March	73-14	73-14	73-04	72-
Clase High Low Preu	June	73-09	73-09	73-01	72.
March 88.88 89.02 88.84 89.15	U.S. T	REASURY	8ITT8	(IMM)	51m
Juno 89.39 89.65 89.38 89.81	pointe	of 100%			
Sept 88.65 89.85 89.65 88.99		Letest	High	Low	Pr
Dec 89.70 89.76 89.70 89.95	Merch	92.22	92_26	92.15	92.
Volume 1.590 (499)	June	92.17	92.20	92.07	92.
Previous day's open int. 2,428 (2,489)	Sept	91.84	81.86	\$1.77	91.
20-YEAR 12:, NOTIONAL GILT	Dec	91.46	91.47	91.30	91.
£59,000 32nds of 100".	March June	91.11 90.79	91.12 90.79	90.89 90.65	90.
Clese High Low Preu	Dec	90.21	90.21	90.10	90.
Merch 100-28 173-05 100-12 101-23					
June 100-17 100-23 100-03 101-13	CERT.	DEPOSIT	(IMM)	\$1m po	in ts
June 100-01 — ~ 100-31	01 100				
Velume 1,853 (1.463)	_	Latest	High	Low	Pr
Previous day'e open int. 2.431 [2.397)	Dec	90.49	90.48	90.43	90.
Resis quote (clean cash prico ol 1512".	Merch	91.47	91.81	91.44	91.
Treasury 1998 less equivalent price of near futures contract) 8 to 14 (32nds)	June	91.18 90.79	91.18	91.10 90.75	91.
	Sept				
STERLING £25,000 S per £			EURODO	ILLAR (I	MM)
Close High Low Prev	3 lm po	ints of 1			
March 1.5210 1.5360 1.5210 1.5381		Lotest	High	Low	Pn
June 1.5130 1.521S 1.5130 1.5307	Merch	90.85	90.88	90.85	50.
Sept 1.5060 — — 1.5253	June Sept	90.81	90.62	90.56 90.21	90. 80.
Volume 843 (181)	Dec	89.98	89.88	89,33	89.
Previeus day'e open Int. 874 (811)	FeO	55,55	-	00,00	-
DEUTSCHE MARKS DM 125,000 S per	-				
DM	STERLI	NG LIMIN	f) \$5 pc	r £	
Close High Low Prev		Latest	High	Low	Pn
March 0.417 0.4186 0.4175 0.4185	March	1.S155	1.5225	1.5135	1.54
June 0.4215 — — 0.4223 Sept 0.4248 — — 0.4256	June	1,5060	1.5145	1.5050	1.3
Sept 0.4248 — — 0.4256 Volume 124 (89)	Sopt	1.5025 1.5020	1.5060	1.5020	1.53
Previous day's open Int. 281 (254)	March	1.5025	1.5025	1.5000	1.33
	June	1.0023	1.502.5	1.000	
SWISS FRANCS SwiFr 125,000 \$ per		10077		000 9 2-4	-
SwFr	of 100°	(CBT) 8	% \$100,	uuu azna	
Close High Low Prev	J. 1007				
March 0 4997 0.5020 0.4997 0.5030	March	70-22	High	70-18	70-
June 0,5083 0,5100 0,5083 0,5108 Sept 0,5159 — 0,5184	June	69-26	71-03 70-04	69-18	89-
	Sept	68-31	69-07	68-24	68-
Volumo 27 (36) Previous day's open int. 344 (347)	Dec	68-11	68-19	68-06	67-
	March	67-29	68-01	67-20	67-
JAPANESE YEN Y12.5m \$ per Y100	Juna	67-19	67-18	67-05	66-
Close High Low Prev	Sept	67-05	67-05	66-25	66-
March 0.4292 0.4298 0.4290 0.4302	Dec	_	_	-	66-
June 0.4329 0.4333 0.4320 0.4331	Merch	_	_	_	65-
Sept 0.4323 0.4338	June	_	_	_	
Velume 39 (77)	Sept	_	_	_	
Previous day's open Int. 326 (357)	D				
	Dec	_	_	_	'
	Dec				

Insurances—continued with Juze falling to 89.39 from -2.2

Financial Times Wednesday February 23 1983

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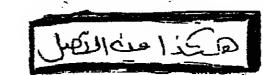
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SECTION IV

FINANCIAL TIMES SURVEY

CONTENTS Economy Oil and gas: tough line adopted in support of Opec quotas Economic trends: massive wealth limits effects of setbacks Urban development: plans for three new towns await final decision Infrastructure: problems of living in the world's richest city Kuwait Investment Office: huge amounts invested in British industry and commerce Finance Interview with Abdul Latif al-Hamad, Minister The rise and fall of the Souq al-Manakh: how a car park experiment turned into a national crisis Effects of the Souq collapse: confusion which will take years to untangle The official stock exchange: how dealers failed to learn their forward cheque lessons Real estate: middle ground's plea for help The KD bond market: "unless the Government acts this market is finished" Banking: still safe despite the loans risk Profile: Jassim al-Mutawa, the man who owes Industry Industrial strategy: when small means big in the field of success Diversification: hopes of becoming Gulf's assembly Labour: foreign workers essential to the economy XIII Transit trade and ports: waiting for the war to Expatriates: how the lifestyle has changed Contractors and consultants: new rules add to the **Politics** The national assembly: challenges ahead for revived democracy Development aid: a key element in foreign policy Foreign policy: scope for playing the mediator role restricted Defence: diplomacy preferred to arms use Editorial production for this survey by Mike Smith Photography: Terry Kirk Graphics: Marion Seeker

itten.

DEATH

PERTY

Limiting the damage

OVER the last three years life has become more difficult for all the oil states of the Gulf. The Iranian revolution, the Iran-Iraq war and the fall in oil revenues over the last year have all made their

By PATRICK COCKBURN

Saddam Hussein, particularly at a moment when its own nil revenues are increased. But it may have no choice. The days when Kuwait could act as a

mediator in the Middle East are not over but the usefulness of

have grown too serious to be settled by mediators.

seriously,

The threat of the Iranian

However, in Kuwait public attention has been dominated, almost to the exclusion of everything else, by the rise and fall of the unofficial stockmarket. Its collapse last autumn will have lasting repercussions both for Kuwait's economy and society. The web of postdated cheques totalling \$94bn cannot easily be disentangled.

The significance of the Souq al-Manakh cannot be overesti-mated but the Iran-Iraq war still raging 100 miles from Kuwair will surely have more impact on the long term future of the city state. At stake is nothing less than the future political shape of the Gulf. It is a conflict which Kuwait, like Saudi Arabla and its other neighbours can influence, but wbose final outcome is beyond their capacity to determine.
Since the start of the war.

Kuwait has given subsidies to Iraq but these are swallowed up by the needs of Iraq's war machine. For the moment Baghdad is holding its own but the Iraqi population is only one third of that of Iran. Its oil production is down to below 650,000 barrels a day. Pro-longed attrition is bound to favour the Covernment of Avatoliah Khomeini, Kuwait is loathe to continue

worry about. The anxiety for the Kuwaitis is that Iraq will crack under the strain and they will find a triumphant Iranian army on their borders.

The Iran-Iraq war has also played a cruoial role in determining Kuwait's oil policy. As spot prices rose in the immediate aftermath of the start of the conflict Kuwait charged its customers premiums. Oil the conflict Kuwait charged its customers premiums. Oil revenues soared. It has only been over the past year that Kuwait has had to deal with the prolonged slump in crude prices and the incapacity of the Organisation of Petroleum Exporting Countries to impose a quota system for production at the official price.

This matters less for Kuwait than it does for many of its neighbours. Its total reserves, estimated to be \$75.\$80bn, are sufficient to cope with shortfalls in revenue. Secondly most of Kuwait's infrastructure is already built. The projects can easily be cut back without too many difficulties.

mediation is much reduced. The recapture of the port city of Khorramashahr last May and Israel's invasion of Lebanon in Even with oil production of around 650,000 barrels a day, investment income is over \$8bn. June marked a change in Middle East politics. Conflicts This puts Kuwait in a very different league from oil pro-ducers like Libya or even the revolution is external rather than domestic. There may be United Arab Emirates. Nevertheless, current oil production rates are much too low to be comfortable over a long period. some pictures of Ayatollah Khomeini in Shiah districts in Kuwait but the population is too rich for militant Islamic fundamentalism to have a sus-

Bitterness

tained impact on the popular imagination. Some brightly coloured orange signs point the way to air rald shelters in Paying for the Souq al-Manakh debacle will clearly be a considerable drain on the Government's resources. But Kuwalt city but few take them now it bas decided that it is not going to bail out everybody indeed Kuwait has a greater the overall losses to the state Kuwalt city but few take them sense of the extent and limitations of its influence in the first appeared. The money culf than many of the other members of the Gulf Co-operation Council. It has invested little in new defence systems thrown away.

on the grounds that their prac-tical purpose is limited. The army is small. The most interesting consequence of the Soug al-Manakh crash is less on the finances Kuwait is loothe to continue So long as Iran and Iraq fight of the state than on Kuwait to add to the Sohn it has each other to a standstill there society itself. It is still too already given Iraqi President is little enough for Kuwait to early to calculate the long term

influence of the Souq collapse. There is deep bltterness between those who lost and those who made money. There is also the division between the noureau riche and the traditional billionaires at the top of the merchant oligarchy.

the merchaot oligarchy.
This, like all other social This, like all other social divisions in Kuwait, has been exacerbated by the aftermath of the Souq crash but one suspects that the long term social impact of what occurred may be exaggerated. The critical division in Kuwait is between nationals and non-actionals and nationals and non-nationals and this distinction is not affected

by the Souq. Like the other oll producers distinction between citizens and non-citizens, as elsewhere in the region, is being more rigidly enforced. This long-term

The collapse of the unofficial stockmarket has dominated public attention during the last year. However, in the long term the Gulf war may have more far-reaching consequences

trend is more important than many senior figures in the ad-the deep but probably transient ministration were involved bitterness between winners and directly or indirectly in the losers on the soug al-Manakh.

Lack of action

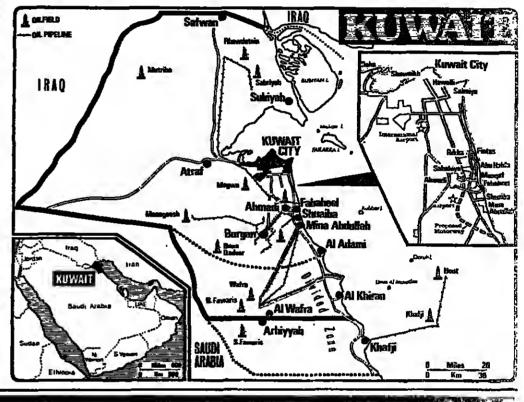
How much could the Government have done to avert the crash? Once the gambling fever was raging it could not bave dooe a lot. If, however, the existing laws bad been enforced earlier then the speculation in Gulf sbares and the whole sys-tem of post-dated cheques might never have got off the ground; certainly not in the spectacular

fashion seen last spring. The reason for the Governon the western side of the Gulf, ment's lack of action was Kuwait is a caste society. The largely an understandable failure to see that the bubble would develop until it was too late to stop it. It was also a function of the fact that so

ministration were involved directly or indirectly in the Souq and bad their vested in-

It will take years to disentangle the mess left by the collapse of the paper mountain of credit created by the Souq. This is bound to bave a depressing impact on the general level of business. But not everything should be blamed on the unofficial market: the Iran-Iranwar, the financial difficulties of Iraq and the smallness of the market in Ruwait bave all had a depressiog effect.

The Government has the capacity to limit the damage done by the Souq collapse. The outcome of the war between the two great powers to the north of Kuwait will in the long term be far more important.



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Mohamed Abdul Mohsin Al-Kharafi, Chairman.

Assets				CE SHEET ember 1982 Liabilities			
1981 Kuwani Dinars		1982 Kuwaiti Dinars	US\$ equivalent	1987 Kuwaiti Dinars		1982 Kuwaiti Dinars	798 US\$ equivale
136,790,710	Cash and Balances with Banks	100,034,598	346,519,848	1,851,947,780	Demand and Time Deposits and Other Accounts including Contingencies	2,178,065,767	7,544,819,8
279,829,426	Money at Call and Short Notice with Banks	174,599,383	604,812,263	4,835,323	Proposed Dividend	6,285,920	21,774,4
43,000,000	Treasury Bills	130,000,000	450,320,000	1,856,783,103	Total Liabilities	2,184,351,687	7,566,594,2
36,443,080	Bankers' Negotiable Certificates of Deposits	63,867,490	221,236,985		Shareholders' Equity		
30,216,781	Quoted Investments	28,071,777	97,240,636	26,862,907	Share Capital: Authorised and issued-shares of KD 1 each fully pa	id 3 4,921,779	120,969,0
467,188,666	Deposits with Banks	747,853,869	2,590,565,802		Reserves: Statutory (including sha	re	
885,656,768	Louns, Overdrafts and Discounts	1,002,616,961	3,473,065,152	27,492,800	premium account KD 37,861,537)	48,296,837	167,300,2
25,437,987	Unquoted Investments	28,099,989	97,338,362	41,364,700	General	53,364,700	184,855,3
1	Land, Premises and Equipment	1	3	604,920	Undistributed Profits	319,420	1,106,4
48,545,011	Other Assets	46,110,355	159,726,270	96,325,327	Total Shareholders' Equity	136,902,736	474,231,0
1,953,108,430	Total Assets	2,321,254,423	8,040,825,321	1,953,108,430	Tntal Liabilities and Shareholders' Equity	2,321,254,423	8,040,825,3
610,572,069	Liability of Customers for Letters of Credit, Acceptances & Guarantees	639,984,286	2,216,905,566	610,572,069	Letters of Credit. Acceptances and Guarantees on behalf of Customer	s 639,984,286	2,216,905,56
2,563,680,499		2,961,238,709	10,257,730,687	2,563,680,499	KD1=U553.46	2,961,2 38, 7 09	10,257,730,88
	KD1 = US\$ 3.46				N21=0333.40		

1981 Kuwaiti Dinars		1982 Kuwaiti Dinars	198 JS\$equivaler
16,000,406	Profit after charging all expenses, making provisions for contingencies and writing down assets	20,000,420	69,281,45
539,837	Balance brought forward	604,920	2,095,44
16,540,243		20,605,340	71,376,89
1,600,000	Transferred to Statutory Reserv	ve 2,000,000	6,928,00
9,500,000	Transferred to General Reserve	12,000,000	41,568,00
4,835,323	Proposed Dividend of 18% (KD 0.180 per share) payable 1 February 1983	6,285,920	21,774,42
15,935,323		20,285,920	70,270,42
604,920	Balance carried forward	319,420	1,106,47
·	KD1 = US\$ 3,46		

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KUWAIT II

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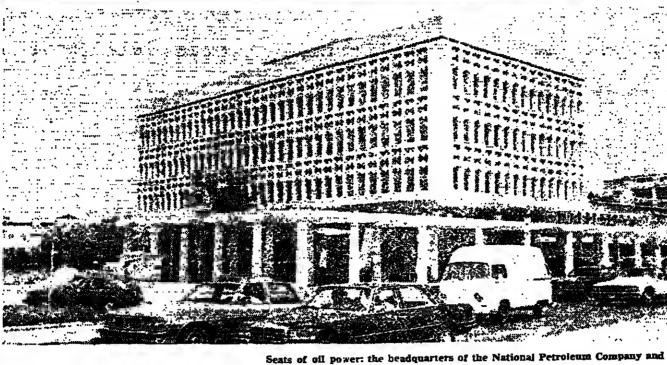
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Seats of oil power: the beadquarters of the National Petroleum Company and the Ministry of Off

Tough line in support of Opec quotas

IN TERMS of its crude exports, Kuwait's role as a major Middle East producer within the Organisation of Petroleum Exporting Countries (Opec) has dwindled considerably. With two-thirds of its oil production being sold in the form of refined products, Kuwait's crude oil sales are about the same as Opec's smallest members.

Opec's smallest members.
Yet, as Opec's troubles worsened in 1982, the country's traditional role as mediator was frequently called on. In recent months, Kuwait has acted as a bridge of communication between the new Gulf bloc producers and the other dissident members of Opec. This has not stopped Kuwalt from being vociferous in its criticism of such members as Iran. Venezuela and members as Iran, Venezuela and Libya who have been discount-ing and over-producing in defiance of their Opec quotas.

Kuwait's anger at the errant members of Opec is understandmembers of Opec is understandable. Because of its adherence to its Opec quota, production is now hovering around 600,000-650,000 barrels a day, nearly balf of its officially declared ceiling, and down from 940,782 b/d in 1981. Output from the neutral offshore zone held by the Arabian Oil Company is now down to 200,000 b/d, compared with a neak in 1979 of 400,000

oil is relatively heavy with a 31.5 deg API quality, similar to Iran's heavy crude. However, in contrast to Iranian heavy which is currently selling on the spot market at \$28 or less, Kuwait's official price at the end of January was still pegged at \$32.50. Even when the expected \$4 cut in the benchmark is agreed, Kuwait's marketing official still expect severe difficulties in expect severe difficulties in marketing their oil in 1983. Meanwhile, the Kuwait Petro-

leum Corporation, which is responsible for marketing the country's crude and product sales, has had to watch the gradual departure of its historic customers. Last summer, its last customers. Last summer, its last remaining Japanese customer, Daiyko, dropped out from its 30,000 b/d contract, and in September, Gulf Orl terminoited its agreement for 35,000 b/d. Three months later, ENI of Italy let its contract expire. Today, Kuwait's major customers are Taiwan, Korea, the Philippines and Brazil.

Marketing officials hope that when, and if, the \$4 cut is implemented, the Japanese and with a peak in 1979 of 400,000 others will return, preferring b/d. (Kuwalt's share from the to deal with a more stable field is presently running at source of supply than Iran. That 100,000 b/d.) In the onshore hope is dependent, however, on

a country with proven reserves of 70bn barrels or more, Kuwait's interests lie in longterm stability in the oil market and a compensive edge for oil over other alternative energy

The second important factor is the country's gas shortage. Although Kuwasi is naturally concerned to see its oil revenues plunging year by year, it is to a rertain extent immunised from major financial problems because of its investment income. However, the decline in oil production has been matched by the fall in output of asso-ciated gas.

Kuwait needs a certain level of oil production so that the country's power stations and downstream industries can run. This problem was identified way back in 1976 and, to a certain extent, the energy deficit has been taken care of. The new power stations coming on stream between now and the next seven years all have the capability of switching to fuel oil. The production of fuel oil will be increased with the will be increased with the expansion which is now underway at the Mina Ahmadl refinery.

Even so, with oil production at such record low levels, Kuwait will be walking a fine edge as regards gas supplies. Senior officials at KPC believe that this summer there will be a shortage of gas. Within the next three months, the first three units of the Doha West power station will be coming into operation and Ministry of Electricity officials have made It clear that while the units are being commissioned, gas rather than liquid fuels is preferable.

As demand for electricity increases during the summer months, because of air conditioning, KPC officials are already predicting that some im tonnes of LPG will have to be re-gasified for use in the local power stations. At that time, LPG exports will cease altogether, say officials, a prospect which does not appear to worry

its oil minister.

Kuwait's LPG facility is al-Kuwait's LPG facility is already operating at one sixth of its capacity and if oil production slumps by another 50-100,000 b/d the plant will have to close. This, in turn, could affect petrochemical output which is already running at only balf capacity.

The electricity ministry is doing all it can to cut down on gas usage and is currently using crude oil in some of its plants. Depending on the season, some 5-30,000 b/d is being used in local power stations, which naturally represents a loss in revenues for KPG.

The gas problem is being tackled in another way—ex-

ploration. The hunt for gas has been stepped up hut, so far, unluckly, an the country's oil minister. Sheikh Ali Khalifa al Sabah, puts it, only more oil has been found. Since 1977, five new reservoirs have been identified, all of them commercial. The search for new unassociated gas fields is presently being concentrated in the Khuff to meet the energy required. being concentrated in the Khuff zone, which has provided such

difficult and expensive task, says Falsal Kazmawl, deputy chair-man of KOC. man or ROC.

There has already been one blow-out and another well had to be abandoned because of mechanical problems. refining capacity will be going up to 750,000 b/d from 450,000 mechanical problems. However, KOC now have four rigs working the Khuff structure, one of which reached 22,000 ft—a record for the Middle East.

structure but not in commercial lates markets. KPC officials say quantities. However, at 11,000- their growth in products will 14,000 ft. there were shows of make the country less vidineroil, with a quality of between able to pressure by crude oil
33-36 API. Test drilling is also
going on in the Galira area
where three wells are planned, divis customers than a handful in north Kuwaii where heavy of crude oil buyers. It makes oil is indicated, in west Kuwait you less vulnerable," says Nader where two deep wells are proposed, and in the Sabriya and Burgan areas. Aktogether, some

Never the less, the survey is now being evaluated and pre-liminary results are said to be encouraging. An offshore rig is under construction in Hong Kong which will be capable of drilling in 350 ft of water to depths of 30,000 ft. KOC ex-

Oil and gas KATHLEEN EVANS

pect the rig to be completed in May, and in Kuwait, ready for work by August this year. At least two test wells are planned for the area.

Never the less, the location of the field, in the war zones of both Iran and Iraq is bound to mean further difficulties for the offshore drilling programme.

Other industry men believe a more promising zone is in the south of the Shell area, near the border of the neutral zone. However, as the border has never been finally established between Saudi Arabia and Kuwatt, this is likely to remain unexplored.

Kuwait, this is likely to remain unexplored.

KOC is also planning three pliot schemes for water injection to enhance production at the Sabriy a, Manageesh and parts of the Burgan field. As both water and gas ore in short supply, KOC are hoping to find good quality water below the fields for the injection schemes. If successful another schemes. If successful, another 15-20 water injection projects

will be given the go-shead.

The gas gathering scheme for the neutral zone fields onshore is due for completion this year. and this should provide a further 13m cubic feet of gas daily. The contract for the off-shore gas gathering scheme in the Arabian oil company concession area is also to be awarded your realist most likely to the contract of the contract o very shortly, most likely to Technip of France which came in with the lowest bid. The gas shortage has provided the background for

the massive expansion pro-grammes under way for grammes under way for Kuwait's refineries this year, for in terms of capital investment costs, they represent some of the biggest schemes the country has ever embarked on.

The primary need was to provide more fuel oil for the country's power stations to cut back on their reliance on

back on their reliance on associated gas.

Mina Abmadi, one of the state's oidest refineries which has already seen one major expansion in the early 60s, is now being upgraded to a total capacity of 275,000 b/d, an increase of 75,000 b/d over its present level.

The new expansion is being

The new expansion is being

to meet the energy requirements of the electricity ministry a wealth of gas for Kuwait's neighbours. However, in Kuwait, the Khuff zone is located at 16-18,000 ft. making any test orilling an extremely difficult and expensive task, says Falsal Kazmawl, deputy chair-man of KOC.

However, until the early 1990s. It is Min a Abdulla which is due for the major expansion, however. Under the major revamping scheme there, the refinery will increase from an 80,000 b/d with mark of the needed-

b/d.
The new flexibility provided in the refinery expansion plans ecord for the Middle East. will make Kuwalt more active
Gas has been found in the in the naphtha and middle distil-

area shared with Saudi Arabia, Kuwait is receiving only 75,000 b/d.

Kuwait is in a particularly difficult market situation, for its oil is relatively heavy with a 31.5 deg API quality, similar to Iran's heavy crude. However, in contrast to Iranian heavy which is currently selling on the spot market at \$28 or less, Kuwait's official price at the end of January was spill pegged at \$32.50.

The ability of Opec to stick to a production and a production this year.

KD 40m is earmarked in customers, says Sultan.

Although KPC's customers kolling in the officials oncede that offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore area in Shell's old considering and test drilling in the offishore.

KOC also expect to begin and test drilling in the o conditions," Sultan explains.

conditions," Sultan explains.

Nevertheless, other industry sources say Kuwait is baving to sell its products at an equivalent of a \$27 a bawrel crude price. KPC says there have been three price adjustments in the last year "in order to remain competitive in the market," but the crude price equivalent is no less than \$30 a barrel.

The weakness of the products

The weakness of the products markets will make 1983 a difficult year on the products side. Officials say they just about broke even on refined products stood at KD 287m in the 18 months prior to June 1981.

morths prior to June 1981.

The entry by the Saudis into large-scale products export within the next three years has highlighted the need for overseas downstream assets for KPC. In January, the company finally nailed down a deal with Gulf Oil for 750 retail outlets in Bergium, Luxembourg and the Netberlands, and a small 75,000 b/d refinery in Rotterdam. In this connection, KPC must also be eyeing its recent equity purchase in the West German chemical giant, Hoescht.

Last year, Kuwnit's overseas the wa exploration affiliate, KUFFEC. Sister' scored its first success with the much.

discovery of oil in commercial quantities in a concession they hold with Gulf Oil offshore Indonesia. The oil is of high quality—47 deg API—and now a plan is being drawn up for further drilling in the stream of the study of the study. financing of the field's develop-

ment.
Since its formation only two
years ago. KUFPEC has been
active in areas stretching from the U.S. to Australia and North Africa. Some 70 per cent of

its KD 400m capital is already committed in concessions. The company is studying 105 applications from oil companies and governments, though says it is only interested in 14 at best.

Kuwait now holds a 40 per cent shareholding in the operating company of the International Energy Development Corporation and 21 per cent in the holding company.

the holding company.

Through IEDC, Kuwait holds interests in Australia, Oman, Turkey, Sudan, the Congn, Tanzania and Egypt, Through

Tanzania and Egypt. Through the acquisition last year of Sante Fe, Kuwait also has interests in the U.S., the North Sea and China.

KUFPEC intends to use Santa Fe as their guide and mentor in the field of U.S. investments and appear more interested in trying out new areas than taking over existing production.

This year, KUFPEC senior officials say they are hoping to go into ventures as an operator and 100 per cent owners for the and 100 per cent owners for the first time. The company is presently studying offers and proposal from Pakistan, Tunisla and Somatia. KPC and all its many affiliates seem well on the way to the title of "Eighth Sister" which they covet so

APPEAR AND

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Bahraini Kuwaiti Investment Group

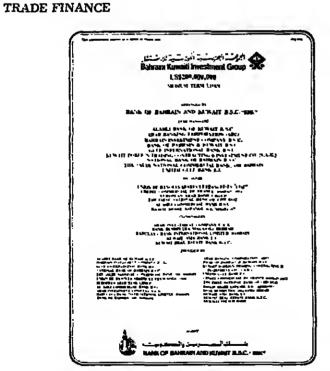
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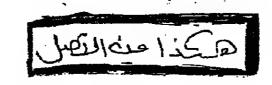
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ensure that Britain maintains its position as the third biggest exporter

Massive wealth limits effects of setbacks

FINANCIAL bubbles create their own psychological reac One highly experienced tions. The initial bopes of vast observer compared the Souq to wealth created out of the paper bubble in the Soug al-Manakh, the unofficial stock market have now disappeared. They are re-placed by exaggerated fears of financial ruin and doleful analyses of the number of bankruptcies to be expected.

The Souq al-Manakh, which crashed last autumn, dominates all talk in Kuwait. The decline in oil revenues is discussed less than in the other members of the Organisation of Petroleum Exporting Countries. The diffi-culty is in separating the real impact of the Souq crash on the Kuwait economy from the cries f anguish now beard on all

The inevitable crash was long predicted. The Government itself assued warnings but its tones were always ambiguous. The Crown Prince himself visited the Souq. The truth was that for a long period in 1982 many Kuwaitis, including those in senior positions, could not resist the temptation to make a lot of money fast. "It was almost unpatriotic not to believe in the Souq al-Manakh," says one banker.

The atmosphere was not dis-

similar from that surrounding the London property market in 1973-74. Everybody thought they could get out in time whatever the sinal outcome of the boom. Everybody thought they could get rich. The use of post-dated cheques purchasing Gulf company shares at a vast premium on the spot price appeared to

create limitless credit.
In the months since the collapse the difficulty has been in preventing a complete collapse in confidence while not giving the impression that the Government inlends to bail out

 $z \in \Sigma^{(n)}$

11.

1.0

the fall of Intra Bank in Lebanon in 1966, Cases stem-ming from the closure of Intra are still going through

While the intricacies of the Soud debacle are dealt with elsewhere in this survey some of the panic originally created by its collapse is now dissipating. A public trust fund to liquidate outstanding transactions has been set up and the shape of the shape of the ultimate solution is emerging. But it will be some time

before it becomes clear bow nny asset in Kuwait is to be valued. As Mr Abdul-Latif al-Hamad, the Finance Minister, has made clear, there is no simple solution. The whole tangled skein of post dated cheques and the danger of chala reaction bankruptcles can only be cleared up by tackling the

Economic trends

PATRICK COCKBURN

problem at a series of levels. The final cost of all this to the Government is difficult to

all those involved in the market. Government can speedily re-

mocoon an order to bicaciff
alues collapsing in the official
tockmarket and in real estate
he Government has to be able
o deploy its resources. This
loes not necessarily mean that
t will be unable to realise at
profit the assets it is now
equiriog to prop up the
parket.
There is no way that the

KUWAIT'S IM	PORT	s		
(U.S.\$m)				
	1980	1981	1982 (third qtr.)	:
Japan U.S. UK West Germany Italy	1,270 890 600 490 410	1,650 980 570 620 510	1,230 740 430 580 480	
Australia France Netherlands Switzerland Denmark OECD total	130 300 100 80 80 4.780	230 220 140 100 70 5,580	n.a. 240 90 20 50 4,480	1
REC total	2.100	2,250	1,970	

Source: OECD.

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KUWAIT'S EXPORTS TO	0ECI	ME	MBERS
(U.S.\$m)			
	1980	1981	1982 (third qtr.)
Japan	3,480	3,570	1,140
UX	1,520	970	140
Netherlands	1,410	1,000	300
France	830	420	100
Australia	290	490	n.a.
1taly	590	370	400
U.S	470	90	40
West Germany	380	280	170

solve the Souq problem. attempt to do so would make matters worse. But this in turr leads to a number of economi dangers.

Canada

OECD total

With so many companies un clear about their own assets and the assets of other companie: In Kuwait it will be extremely difficult for commercial life to pursue its old course for many months. Business is not para-lysed but its level has dropped Most companies are loathe to give credit. They want cash. "The problem is that pobody has any idea what their real financial position is," says one financier

As a result of the Souq crash there is a general depression in business in Kuwait. But there is also a danger that the unofficial stockmarket will be blamed for other ills of the economy. The Souq al-Manakh has become a useful catch phrase to explain more complex

As elsewhere in the Gulf Kuwait is a very rich but also a constricted market. It is numerically limited. Traditionnumerically limited. Traditionally it has also sold to Saudi Arabia. Iraq and Irao. The latter market is oo longer significant since the start of the war. But Iraq suddeoly iocreased in importance with the expansion of the Iraqi development programme and the closure of Basra in late 1980.

"The Iraqis wanted things yesterday. All Iraql officials wanted to do was to gct goods whatever the premium," says the head of ooe trading company. This in turn led to an immediate expansioo io stocks held by Kuwaiti companies with the Iraqi market io miod. Many small new trucking companies were formed.

But by the spring of last year, as Iraq found the war cootinu-ing and its fuods reduced, this trade began to cootract. Many trucks were left in showrooms. Merchants were left with overstocked ioventories. Saudi ports offered cheaper facilities for transit trade. The Iraq trade produced few of the divi-dends originally expected.

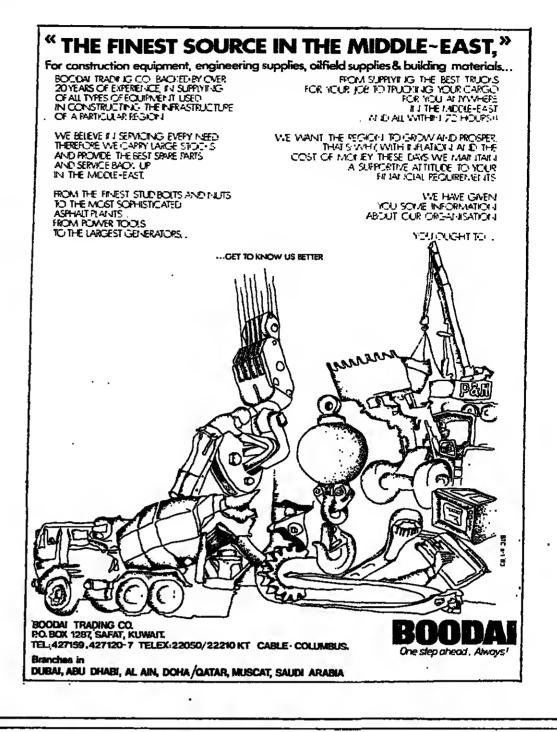
dends originally expected.

These two concerns—the Souq collapse and the Iran-Iraq war—have reduced the attention given to the fall in Kuwait's oil revenues to a surprisiogly low level. This is partly because Kuwait's reserves, put at \$75-80bn, are so high. Reduction in the country's annual oil revenue over the last few years is tess serious than it is for all other members of Opec except Saudi Arabia. of Opec except Saudi Arabia. Oil production is now down to under 650,000 borrels a day compared with 940,000 b/d in 1981 and 1.3m b/d the year before that. Almost all its traditional crude customers have now departed and most of the oil seles are in the form of

its oil sales are in the form of refined product. With its down-stream acquisitions in Europe presumably this will increase.

With over \$8bo a year io investment income, however, Kuwait can weather the fall in its oil revenues. There are some its oil revenues. There are some culbacks in expenditure inside Kuwait but the country bas never undertaken a vasi range of industrial projects as have Saudi Arabia and Iraq. There will clearly be some rescheduling of some infrastructural research but this will not be 100. schemes but this will not be too

All these finaocial problems facing Kuwait have to be seen in the context of the country's massive wealth. This is suffcient to limit the damage inflicted by the criscs of the last year though for the losers in the Souq al-Maookh this is little comfort.



MEETINGTHE DRLD ECONOM

The Commercial Bank of Kuwait maintains excellent growth and profit in 1982

Substantial Profits

140 7,750 3,140

2,800 1,140

Source: OECD

Profits for the year were up by 32%, reaching KD 15.4 million compared with KD 11.7 million declared in 1981 Profit per share once again increased substantially despite a further increase in share capital.

Continued Growth In 1982 the balance sheet total grew

to KD 2,183.9 million. a 20% increase over the previous year. At the same time total assets increased by 22% to KD 1,769 million compared with KD 1,444 for 1981.

Increased Reserves

A major portion of our 1982 declared profits has been allocated to reserves; kD 10.1 million to the General Reserve and KD 1.5 million to the Statutory Reserve. We have declared a dividend of KD 3.7 million, equivalent to 1215% for each share issued of KD I nominal value.

Boosted Share Capital We have increased the share capital of the Commercial Bank by 25% by issuing bonus shares at the rate of one new share for every four shares owned and held at 31st December

1982. A Year of Achievement The year has been one of significant

progress for the Commercial Bank, highlighted by a number of major achievements. Treasury

Early in the year we opened a new dealing room equipped with the very

Carper . $G_{i_{\bullet}}$ Carrier Div. refs -٠, v3

Financial Results at a Glance latest communications systems including the new Reuters Money Dealing Service. **International Activities** In July we issued a US\$40 million floating-rate Certificate of Deposit in the London market which was well received by the international

financial community.

In order to hedge our U.S. dollar interest rate exposure, we commenced dealing in Eurodollar financial futures contracts through the International Monetary Market in Chicago.

Domestic Markets

We financed key projects in Kuwait, including hotels, electrical power networks, highways, sewerage systems, warehousing, petroleum refineries and mobile drilling platforms. We were a major participant in financing the prestigious Al Zour power station project costing KD 106 million, and have been leader or coleaderinanumberofotherimportant projects.

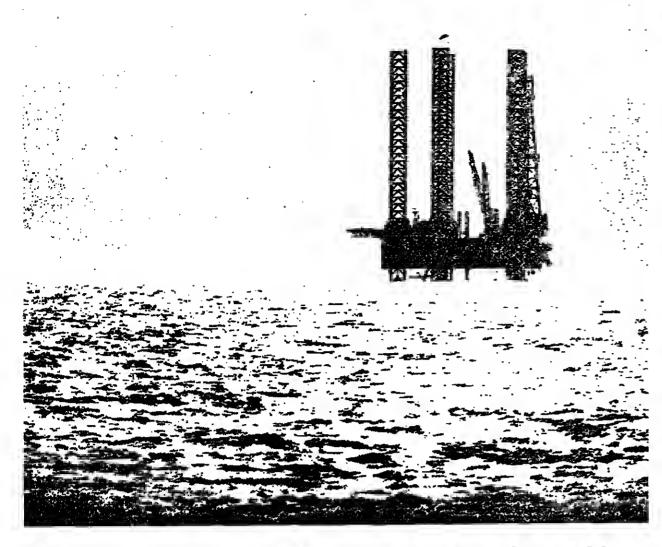
Loan Portfolio The Commercial Bank's total loan portfolio increased to KD 887.8 million at 31st December 1982. This reflects a steady growth from the KD 752.5 million reported at year

end 1981. The Outlook

We enter 1983 with cautious optimism based on an in-depth analysis of the environment. We are confident that the stability of the Kuwaiti Dinar, the maturity of the country's economy and our own developments in both human and technological resources put us in a strong position to expand our business both internationally and domestically. We look forward to working with you.



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Kirby Building Systems: The name has quickly become East, Could that be a coincidence? Not really, because it was no ence that Kirby started with

the right product and backed it with the right organisation, setting up offices in every major city in the

ft was no coincidence that Kirby **Building Systems adopted the most** modern production facilities and technological equipment to cope

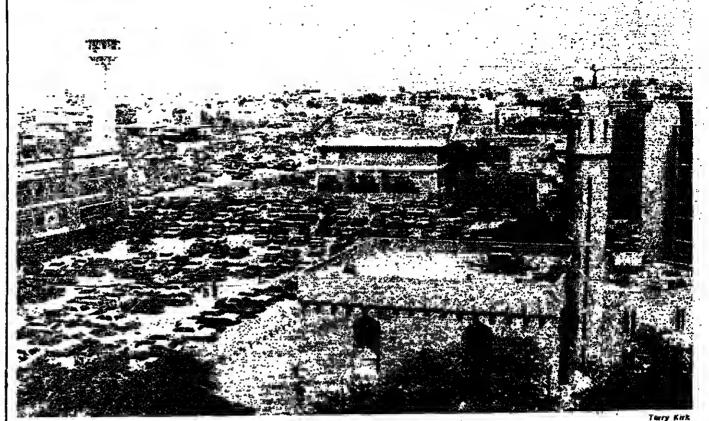
with any size \$1 ructure ... from 7 to 7000 tons of size!. And it was still no coincidence at 5000 times, rein the Middle East ordered a variety of steel structures for factories, warehouses, hangars and office buildings, all from Kirby during the last five years.

Can success be a coincidence? Surely not for Kirby. More and more today, when a building in the Middle East is made of steel - it must be









Kowait city: its ability to absorb an ever growing population is limited

Plans for three new towns await final decision

CRUCIAL decisions on Kuwait's urban development to the end of the century and beyond will be made in the next few mooths. UK consultants Colin Buchanan and Partners have presented to the Government their draft of the secood revision of

the Government their draft of the secood revision of Kuwait's masterplan. This will be considered by the authorities for some weeks, and if approved, will be published as the basis of planning probably to the year 2000.

Buchanan did the most recent masterplan study in 1968, subsequently updated in 1977 by the Sharklaod Cox Partnership, also of the UK. The new study, like its predecessors, has to take account of Kuwait's rapid population growth, which has outstripped all earlier predictions. The first plao drawn up in 1952 predicted that population would double to 250,000 by 2000—this figure was passed by 1961 and reached 1.4m by 1980. Planners now estimate a figure of 2.75m by 2000, with 1.75m of these concentrated in Kuwait city itself.

Kuwait city's ability lo absorb an ever-growing nopula-

Kuwait city's ability

absorb an ever-crowing popula-tion is limited. This has been exacerbated by the National Housing Authority's decision to concentrate on building villas eather than unpopular flatsin its 1981-86 plan. This aims to provide 36,400 homes in the period, of which only about 4,000 will be in apartment buildings. The demand on precious urban land will be such that it makes the development of new towns inevitable. In preparation for the decisions that have to be taken, the Government is forming a com-mittee to co-ordinate the development of new towns. It will include a multi-disciplinary group of experts representing all the government departments involved. Kuwait municipality's chief architect, Hamid Abdussalam Shuzib, recently visited the UK to study the development of new towns around London, hoping to apply this

experience in plans for three new towns in Kuwait. Preliminary studies for these are already under way, though final decisions will depend on the Buchanan recommendabeen made with plans for Fintas, south of Kuwait city, which may be developed into the country's second adminis-trative centre with a projected

population of 500,000. The UK's Rendel Palmer and Tritton won in January 1982 a design and supervision contract for infrastructure for the proposed new town. Working with the local Kuwait Engineering Bureau, it is preparing detailed designs for roads, bridges, street lighting, sanitary and storm sewerage, water supply electricity and the distribution of treated sewage for irrigation. They will also prepare tender documents and help to evaluate tenders. The contract is worth about \$1.2m.

Designs should be completed and tenders invited after April, for work then estimated to be worth KD 70m (\$240m). Actual for mirastructure for the pro-

worth KD 70m (\$240m), Actual construction would take about two years. The construction supervision contract, which may or may not be given to the designers, is worth some \$1.6m. Development at Fintas will depend, however, on decisions regarding the development of a new town at Subiya, north of Kuwait City. Unlike Fintas, this is a virgin site that will require a tremendous effort to bring to reality.

Subiya is important for polltical as well as purely planning reasons. The north of the country where many oil fields are concentrated is virtually unpopulated. Kuwalt fears Iraqi ambitions in the area, especially since the border between the two countries has still not been formally deli-

This makes development and population of the area an urgent the doubts that have been expressed as to whether Kuwairis would be willing to move away from the bright lights of the city to what will remain for the foreseeable future a raw desert site.

This concern was highlighted by the award in 1981 of a KD14m (\$48m) contract to France's Bouygues to build a bridge to Bubiyan island—a bridge that has been described as now leading from nowhere to

Urban development

SHAKIB OTAQUI

The scale of the proposed development at Subiya is such that the preliminary feasibility study cootract attracted bids West Germany, Finland, Sweden, Greece, Japan and Switzerland. The contract even-tually went to Lebanon's Dar

al-Handassah Consultants. The six-month contract covered studies for a master-plao for Subiya and for Bubiyan. These have just been completed, and the recom-mendations call for flexibility in planning the city and development programme. A decision to go ahead with detailed studies should be made in March, if the town's existing development programme is adhered to, the municipality says.

The timetable calls for a decision to start construction to be made by March 1984, with actual work on bomes to begin in June 1986. The first residents would then move to the city in An average 1,500 homes will

the target population of 100,000 by 2000 is to be met. This would rise to 250,000 by 2030. However, further studies of employment opportunities are needed. These are planned to include public service and higher education jobs for whitecollar workers, and industrial jobs transferred from the Shuwaikh industrial area. The cabinet has already taken a decision to relocate Shuwaikh, which has now been absorbed by which has now been absorbed by the growing Kuwait city and presents serious pollution and congestion problems. A con-sultancy contract to study the relocation was awarded earlier

The Subiya study identifies three possible sites for the new in the coastal plain opposite Bublyan, on the Zor ridge to the west or a combina-

tion of both.
The advantages of the coastal site are seen as the ease of development on the flat lands of the area, as well as better com-munications. This is because the site will be near to the proposed alignment of the in-ternational road to the Iraqi border, which will be to the east of the existing road. The ridge site, on the other hand, would have the advantage of dominating the area, making the new town visible across the Gulf of Kuwait.

The consultant's study re commends a combination of the two sites, which would unite the advantages of both ridge and plain. It would also give planners maximum flexibility in planning its development whi making best use of the land available.

The consultants say that the project has now reached tha Iraq periodically stage where there is an urgent

In particular, a decision is required on future employment policies for the town—including a timetable for transferring civil service and university jobs to Subiya. Also needed urgently are detailed site surveys, transport studies and other technical information. nical information.

These decisions await the

evaluation of the Buchanan up-date of the masterplan. The

unabated. With major infra- labour, But a crackdown

barrier against the sandstorms which have afflicted residents throughout the city's history.

requests a lease on Bubiyan need for a serious decision as wealth before her Gulf neights island in an attempt to improve its strategic position at the head of the Gulf.

need for a serious decision as wealth before her Gulf neights to whether it will go ahead. It bours, much of the development also calls for further studies to developing areas built up in the gather the information neces-sary for detailed planning.

In particular, a decision is required on future employment contractors regularly canting

System (Kudams). This will build up a computerised data-base on all land use patterns and underground utilities.

date of the masterplan. The same applies to decisions on a third new toyn, proposed for the Al-Khairan area in the extreme south of the country. The first phase of the Al-Khairan development, for marine works, is already under way. The local International Contractors Group won a KD 14.8m (\$50m) contract in late-1980 to build a marina for 220 small boats, a sea club, chalets. a shopping centre and boat maintenance facilities. This essentially recreational scheme can serve as the nucleus for the new town if the decision to go

Mork will involve first mapping all these services, then developing a computerised storage, retrideval and updating attracted by the scheme, of which 14 prequalified and seven actually bit for the contract. Competition has now narrowed to Japan's Asia Air Survey Company and Belgium's Electrobel Engineering Company. The slx-year contract should be worth in excess of KD 8m (\$27m).

A major problem that faces Kuwait in its development

can serve as the nucleus for the A major problem that faces new town if the decision to go Kuwait in its development ahead is taken.

In parallel with these plans schemes is availability of manners for new towns, the development say that the new towns can be of Kuwait city itself goes on built with locally-available structure now in place, the illegal residents in late-1982 has emphasis has switched to make the city a more efficient and pleasant place to live.

Head residents in late-1982 has created a shortage of labour and raised wage rates. If a major influx is required for the pleasant place to live.

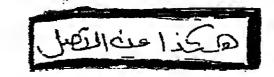
Plans already under way include the ambitious green belt
scheme, which aims to form a jections on which it is based
may become rapidly outdated.

roughout the city's history.

Because Kuwait achieved oil of the Middle East Economic Digest



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Yet another building goes up in Knwait city. The high rate of building and demolition helps to give the city a permanently unfinished appearance

Living problems in the world's richest city

constantly diverted for the ronstruction of flyovers or other highways. If they are not diverted, they are being torn apart for the laying of new cables or pipes for water, tele-phones, sewerage and other facilities that one would expect to have gone in long ago, be-fore the buildings were erected.

When you ask officials at the municipality why Kuwait, the richest city in the world, is like this, they shrug their shoulders and say: "You should have seen it 10 years ago."

A major reason why Kuweit looks so dishevelled is, ironic-ally, its age. It was the first Gulf cily to boom almost overnight when the oil began to flow hack in the mid-1930s. Some of the houses daving from the original influx of immigrants are still there, their tenants loathe Io move to new homes where the rents are several times more. With rents controlled, most foreign residents hang on in dilapidated proper-ties rather than pay the Man-hetten-style rents which prevail in buildings just yards oway.

The alternative—to move out to the new areas—means commuting an hour e day into the city among some of the most impatient, reckless drivers in the Arab world.

Inner city living has become a f1,200-a-month or more experience available only to the most senior foreign executives or rich Kuwaitis. Newcomers to the suburbs can easily find themselves paying 1600 a month for a modest two-bedroomed apartment, prefaced by key money for the privilege. A telephone in any home is e rare

commodity.

The wealth of Kuwait city is rarely felt. There are none of the glamorous palm tree avenues which characterise the

the state to have just under 2m people, almost double the 1975 figure. The electricity and water Ministry calculate that every five years they have to cater for o near doubling in

100

their capacity.

Every year the city's streets have to cope with an extra 50,000-odd cars; the country's education system has to add another 30 to 35 new schools. In every sector, it is a race against time to keep up with the growth in demand.

In demand.

At the electricity Ministry, the race is being finally won, for this summer will be the first time in many years that load capacity will have a comfortable 20 per cent margin over the demand.

peak demand.

Kuwait residents are the most lavish users of electricity in the world. Per head, they use some 7,000 kilowatt hours and think nothing of going away on holiday leaving the air conditioners on. Demand has grown from 1,205 megawitts in 1976 during the peak periods to around 2,600 Mw last summer. However, capacity lagged behind at 2,520 Mw and load shedding occurred.

ding occurred.
With the commissioning of Will lise commissioning or the first three units of Doha West this April, capacity should stand at 3,500 Mw with demand comfortably behind at 2,900 Mw. Just how much is available of that capacity will depend on the transport of the standard of the standa

the gas supply situation. Dar al Handasah is due to be Subsidies are by far the greatest burden on the electricity ministry. So for, the crentuol population of 500,000, Government has been loathe to say planners and is vital if take the first steps in pricing the consumers' energy supplies

KUWAIT HAS the perpetual air at more realistic levels. The of being unfinished. Roads are price has remained unchanged costs exceed 15 times that. The Ministry is, however

making headway in its campaign to make Kuwait more energy conscious, though most of the savings have come from compulsory measures such as the introduction of new hullding regulations to make buildings less wasteful as regards energy The National Housing The National Housing Authority finds itself in a race against time, with a backlog of some 30,000 applications from

Infrastructure

KATHLEEN EVANS

Kuwaitis needing housing. The aulhority has e five-year plan to build some 36,000 houses by units have been handed over. This is in addition to some 10,000 temporary bouses which were built for those on the wait-ing list and for steteless Bedouins employed in the police and armed forces.

Until now, the authority's housing schemes have been divided into two categories housing for everage income families and those on limited incomes, usually lower grade government employees. However, following a debate in the national assembly, the two types of houses have been merged into a standard unit.

The standard unit is e luxurious large villa. It ronsisls of five bedrooms, five hathrooma, a divan where the men in the household can do their extentioning and separate entertaining and separate accommodation for servants. Kuwaitis pay a nominal rent

avenues which characterise the cities of the lower Gulf. Whatever palm trees manage to grow in this overcrowded city are stunted by car fumes and virtually invisible among the beach is under construction.

The most pressing problem the city has to cope with is the growth in the population. By 1985, Ruwait's planners expect the state to have just under the Kuwaitis pay a nominal rent to live in these government houses—less than KD 50 a month, or can buy them outright at cost. They are forbidden to rent them out for a period of ten years, though so. Other new tenants bave romplained about the style or materials used in the government houses and many spend nearly as much on the house as the state to have just under its total cost of construction to

the Government. Some tenants have been known to spend KD 20,000 in laying marble throughout the house, for example. "They want to hand over something valuable to their children" ex-plains NHA director, Ibrahim

Shaheen.
The NHA director says The NHA director says
"There is not really a shortage
of housing in Kuwait. It is a
problem of definition really. It
is not a matter of abelter.
merely a matter of ownership."
The waiting list of 30,000 appli-

The waiting list of 30,000 applications may not truly reflect the peoples' need, says Shaheen. When 1,500 applicants were recently invited to take over a new batch of houses, only 900 turned up. What the authority is now trying to do is to computerise the applications so that a system of points will be established, with the most points.

points.

With the new housing developments from the NHA and the general population growth. The Government has earmarked the area of Subiya to be the focus of development outside the metropolitan area. Subiya ia 80 km from the city and today consists of a police post and a few shacks.

The major area of concern is the possible source of employ-

the possible source of employment in the area and a study by Dar al Handasah is due to be snished in April on the subject.

Huge stake in British industry and commerce

AT SOME point in the very near future, the professional investors who place Kuwait's surplus oil revenues on the London stock market will be playing an influential, perhaps role in the future of one of Scotland's largest em-

which they will relish. The Kuwait Investment Office, a department of the Kuwait department of the Kuwait Finance Ministry and the leading vehicle for Kuwaiti invest-ment, bas a huge stake in British industry and commerce but maeks a point of caution and discretion in its pursuit of safe, long term investments. For all its size, the KIO creates very few ripples in the City of London and the companies in which it has invested.

Despite this very low key approach, the sheer scale and diversity of its portfolio must sionally bring the KIO into

The unwelcome bid from Charter Consolidated which Anderson is now braced to receive once again, turns the foothights on to the KIO.

It has been a long term investor in the Scottish company and recently increased its stake to 10.3 per cent. Given that Charter already before

the KIO's attitude may well in Scottish Ontario Investment decide the outcome, particularly if it responds favourably scheme which, in turn, bas to Charter's bid terms. to Charter's bid terms.
Anderson's relationship with the KIO is somewhat excep-tional. While many other directors of companies where

the office is invested refer only to the KIO's downbeat approach to personal contacts, eschewing investment seminars, annual meetings and the inevitable round of company visits, Ander-son sees the KIO managers as long-standing, loyal and inter-ested members. The City will watch with interest which ettiture prevails as the Anderson/ Charter saga enters its closing

The KIO has traditionally favoured the financial sector of the stock market in its broad range of shareholdings, emphas-ising insurance companies, property companies, investment trusts and the like.

The investment trust sector is another area where the KIO has played an important part in recent changes. The number of trusts is being reduced in e series of unitisation moves designed to reduce the discount of trust share prices against underlying asset values. Thus, the KIO sold its holding in Dominion and General Trust to London and Manchester Assurance, a noted proponent of itself, unitisation, and sold its stake The

proposals for the trust on the back of its subs enlarged shareholding.

In the swap arrangement, which categorises many of these preparatory untilsation manoeuvres, the KIO received in exchange a holding in Pent-land Investment Trust which it later sold on to Throgmorton Trust. Throgmorton, to com-plete the circle, is now preparing a bid for Pentland.

Disposals in the investment trust sector and the pending Anderson decision evoke memoearlier takeover tussles. It pitched its support behind Trust House Forte in its climactic, if eventually abortive, bid for the Savoy and placed its Decca stake in Racal's hands thereby helping in no small measure to sink the vigorous counter bid

for Decca from GEC.

More recent memories of the kilo are dominated by the Halli-day Simpson affair. The irregu-larities which the Stock Exchange turned up at the Man-chester stockbroking firm last year are alleged to have concerned only an individual manintended to reflect on the office

never said to have been very darge but the affair caused much bead scratching in the City when it became known that the ruling Council of the Stock Exchange bad disclosed that certain clients of the firm the tertain chemis of the firm were able to transact deals through the firm'a "open account" then either to book them to the funds they man-

or to their personal

Kuwait Investment

> Office RAY MAUGHAN

fitability of the dealings.

The KIO, in a rare public statement, was quick to put these findings into their con-text when it announced that the failures to give precise Stock booking instructions at the time of the dealings could have opened the way to improper conduct. The office has already taken steps to ensure that this ager of the KIO and were never practice is not repeated." There was no question, it added, that the office had been deprived of

transaction which had been weighting in the sector. From allocated to any particular the summer onwards, hig hold-

The exact scale of the KIO's investment holdings will never be known. An investor is never required to disclose his stake in a company if it atands below 5 per cent of the equity and it is quite possible, indeed probable, that the KIO has unrevealed interests in major public companies worth graps. public companies worth many millions of pounds. The best guess, and this is not much more than assectional, suggests that the value of its holdings has been comfortably in excess of fibn for some time.

City sources also say that the KIO is on eof the leading generators of commission income, secured hy a fixed dealing charge on share purchases and sales, for stockbrokers in the City. It has been suggested that the KIO is second only to the Prudential Assurance on this secone and Assurance on this score and those close to the office believe that the KIO itself calculates that the office is the single most important source of commis-sions. Certainly, the loss of such income would create a deep hole which the firms on the KIO's short list of brokers would find very difficult to fill.

One area where the KIO's commissions were concentrated last year was the property any profit accruing from any down its previously heavy

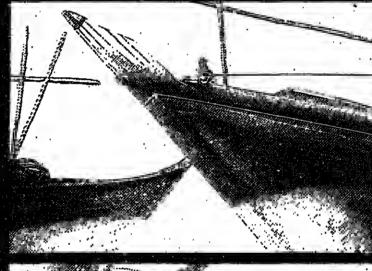
PERBER SE

the summer onwards, big holdings in Capital and Counties, Town and City, Slough Estates, Allnatt London Properties and ment Trust were much reduced or sold altogether.

whether or not this was menely an aggressive play in response to marked sectoral weakness last year remains to be seen, but the KIO remains a major investor in UK real estate with a high development profile. St Martin's Property Corporation one of the year. Corporation, one of the very few instances where the KIO has taken over a quoted British company outright, has provided company outright, has provided a platform for the asquisition three years ago of the Proprietors of Hay's Wharf and consequently taken the KIO into one of the biggest schemes for the capital's South Bank. The KIO and its partners in this project expect to develop over 2m sq ft between London and Tower Bridges.

Whetever the timing and direction of the KIO's next equity portfolio shift, it is becoming clear that the provi-sion of external investment bas an increasingly role in Kuwaii's central revenue expectations. The price of crude and perhaps the recent revalations on the state's domestic bourse can emphasise the









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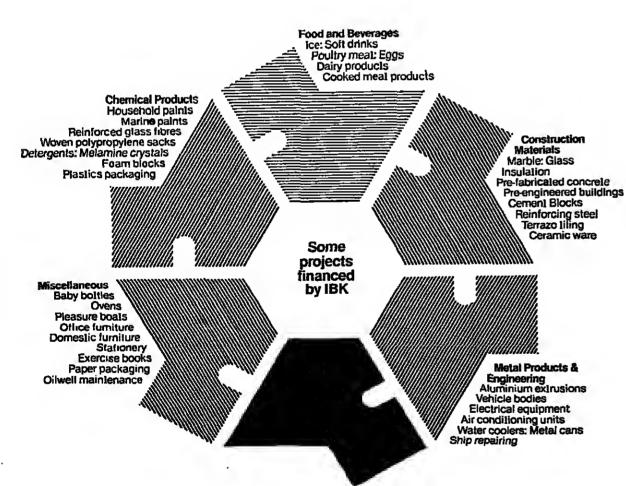
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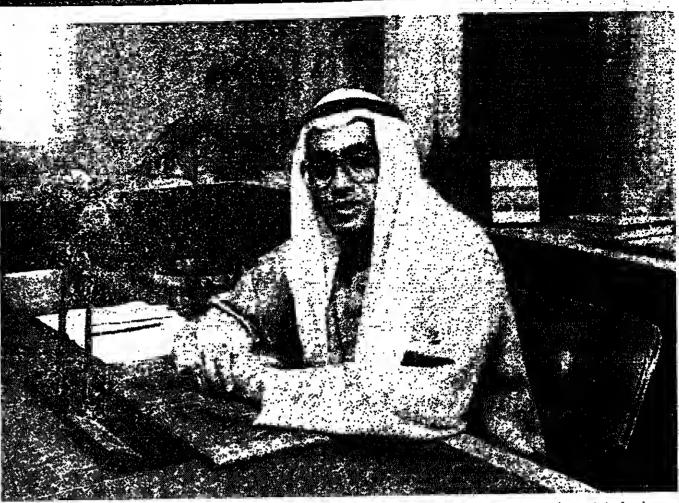
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KUWAIT VI



Abdul Latif al-Hamad, Kuwait's Finance Minister: people should accept that if they want to go into business there is a possibility that you gain and a possibility that you lose

Kuwait's Finance Minister explains the Government's attitude to tackling the effects of the collapse of the Souq

change the laws of the country that you will send in the tanks for some people who gambled. followed by the airforce. You European papers said it was like an official casing for those who fronts with all weapons posgambled. The Government can't sible, simultaneously." change the laws for them. I Are you going to accept Gulf think that would be a terrible shares as collateral?

thing to do.

Is it possible to Isolate, as it were, the big gamblers, without baving too big a knock-on effect on the rest of society? This seems to be one of the crucial seems to be one of the crucial questions. Can the biggest gamblers be isolated, not only from the financial community. from the financial community, into such a dogmatic position but the rest of Kuwaiti society, they cannot see beyond it. I

Well, a lot of people will be affected, but the main point is that there are so many people who did not gamble, there are so many people that bought shares and kept them. That's one point; the other is that it would be a really torrible example because really terrible example because people will not learn a lesson.

In 1977 we also had a crisis in the Kuwail slock exchange. If the Government bad applied the bankruptcies occur and sent some people to prison, I am sure we would not have had the crisis of 1982.

But whal happened? The Government in 1977 started buy-ing all the sbares that people were willing to sell. So people got the idea that nothing could go wrong, that the Government will always intervene to rescue

So if you let them learn a lesson... well, it was five years from '77' to '82 and you watt five years and it will bappen

This is the point; people should accept that if they want to go into business, there is a possibility that you gain and a possibility that you lose. But people here think that you always gain. What is this whole affair

going to cost the Government? We've done five things. We've protected our legally coostituted stock market, preventing another crisis from developing. If the Kuwait stock market bad collapsed we would have had a very serious problem, because that would have directly affected our institutions. Secondly we have protected values, and by protecting values, we are doing two thiogs at the same time. We are making it possible

We are making it possible for people to realise enough assets to disentangle themselves, which would not have been possible if we had let the whole thing slip down, because of the atmosphere. Now you are in February, just think of it in August or September; the psychology of the market was such that you had to work looking way ahead, further than today, and the psychology then indicated that the situation was going to be catastrophic if we didn't do something about the stock market.

Thirdly, we bave invested

Thirdly, we bave invested part of our assets, very solid assets; we translated financial assets into solid assets within our own community, within our own society, within our own economy. Moreover, we have gained a rate of return which we would not have realised apprehere else in the world over anywhere else in the world over the last three months. All you bave to do is look at the published results of the companies bere and the dividends.

Finally, I was given KD 500m by the Government and the Parllament to invest in order to help as a backing for the fund. I've used it to support the market and, at the same time, to generate income. So having made about 25 per cent return on my mooey, annualised, thal's not a bad return.

As I said it to the Govern ment—"We are entering war and when you are in a battle

they cannot see beyond it. I have left all my options open because as I said, what is at stake is far too much. I think we should look at it as a surgeon would look at a cancer patient. We say: "Yes, I suspect it has reached the liver, but when I open him up and find it has reached this, and this, and that, I'm going to take them out." You know what I mean. I can't sew him up and then I can't sew him up and then revive him and say I bave to

open him up again. What you intend to do has to be open-ended to a degree, because of the complexity of the problem itself?

Absolutely; if I said otherwise, I would either sound too presumptuous, or ignorant.
Isn't there a pyschological difficulty there, in dealing with the market? After you've had a crisis anywhere, people want to discover that there is a simple solution. That's a natural psychological buman uced, and clearly that's what people want

Do you not think the bank-ruptcy laws should be changed? send in the infantry and wait It would be a big mistake to to see what bappens, and then change the laws of the country that you will send in the tanks ing for a solution that will solve the problem as best as I can. It's not going to be a perfect solution, and, besides, I've never

conducted dialogues as we're having bere with anyone who has an interest in the market. If I knew you owned one single share I would not bave even opened my mouth.

When tackling a problem like this you can't be dogmatic'

Because people are looking for a simple solution which doesn't exist, won't the psycho-logical uncertainty remain for

long time in the future? Yes, I agree with you com-pletely, and that's why I'm didn't know the dimensions of the problems, the extent of the complexities, the inter-relationships, the impact on the

It was chaos, and we had to do two things—either use a knife and become butchers or use the most sophisticated surgical techniques.

ceed, and we discovered two things immediately. First there was no solution that would solve universal solution for the prob-lem as a whole.

Secondly, we had to compart-mentalise it. First, the tip of the pyramid, and those were the people who obviously, clearly accepted deficit, short of paying that deficit there was way of salvaging it.

The name of the game when I got, involved was to salvage those categories. I resisted that and I'm very glad I resisted ft, Secondly, the small investors where the objective was to keep them from maximum barm, Not total harm, maximum harm. Because there is uo way of

keeping them from tolal harm, and therefore we devised the small investors fund. The priorities were absolutely clear, you deal-with the small ones, you tackle the clear problem and then you come to the core, Do you agree that the Govern-

ment gave au official seal of approval to the Souq?

No, I would not agree with that. Very, very simply, we did not give a seal of approval because we told them so to the contrary. We said we had to be very careful, you have to do your clearing, you have to do this, yon have to do that, we bad many meetings which are documented and minuted to the

contrary.
I said, in no uncertain terms, if there were to be a collapse we were in no position to assist by buying Gulf shares as we did before Kuwaiti shares were And, therefore, you see, we by buying Gulf shares as we did had to be very careful. We before Kuwaiti shares were bad enough professional pride issued in 1976, because we did to want that operation to suc- not recognise them.

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The car park experiment which caused a national crisis

The crisis relates to e Kuwalti
Dinar 27bn (\$94bn) mountain
of post-dated cheques which
were used to buy and sell Souq
shares, official Kuwaiti stock
market shares and real estate.
Some 6,000 investors are
involved in the cheque mountain and they raping from the involved in the cheque mountain and they range from the let was satisfied to a large fled society right up to the top. fied society right up to the top.

How did the collapse of the Song al-Manakh develop into this full-fiedged crisis? The answers lie partly in the empirical facts themselves and partly in the curious (by Western standards) Souq al-Manakh develop into this full-fiedged crisis? The answers lie partly in the empirical facts themselves and partly in the curious (hy Western standards) approach to inciness in Kuwait, a closely knit community with a long tradition as one of the Gulf's most active centres of commerce.

Brokers in the Souq, just over the road from the official stock exchange, opened up little sbops and described themselves as real estate agents. They traded in some 40-odd companies, many of which had never published a balance sheet. When these Gulf companies were not enough for the traders, dealing commenced

was established as recently as Securities Group, established in 1976, a symbol of the country's November 1981 with a capital financiel wealth (from oll of KD 50m.
revenues) and a step toward Under Kuwaiti law, transdevelopment as a major inter- actions in closed companies are national capital market. In 1976 not allowed, but as the largest there was an enormous stock of the Soud traders—Mr Jassim market boom followed by a al-Mutawa—remarked recently: crash ln 1977. The Kuwaiti answer to the crash was a body did it, and the Govern-government ball-out to the tune ment ellowed these closed of some KD 150m (ground companies to develop."

So far so good. The years 1977 to 1980 saw no major stock market movement, but meanwhile wealth was accumulating dramatically, not least because of the 1979 rise in world oil

The emphasis instead in these years was no real estate speculation, and this was e major channel for the distribution of wealth among the merchants and financiers of the private sector.

The Souq al-Manakh developed in an inauspiclous building (the word "soug" means market) which doubled es a five-story car-park. Because of a government han on the establishment of new public companies (designed problem of companies (designed problem of companies (designed problem of companies) (designed problem of co

market.

Brokers in the Souq, just nerce, in Kuwait private (closed) Kuwait's official stock market companies such as the Nascent

"Yes it was fllegal, but every-

Some 6,000 investors are involved in the cheque mountain. They range from the lowest of Kuwait's stratified society right to the top

al-Manakh, and brought about

The post-dated cheque was, as it sounds, a cheque written for future payment as a means of settlement for share transactions. It quickly led to the establishment of an enormous and illicit credit market—a loan market not a cheen market. market, not a share market.

It worked like this: A pur-chaser of shares agreed to settle chaser or shares agreed to settle a deal by writing a post-dated cheque (perhaps a year ahead). This purchaser was gambling that by the time the cheque became due he would be able to self the ahares at a price well above his purchase price. above his purchase price. So the cheque might have been written for a share price carrying a sizeable premium over its "spot" value—at times well over 100 per cent.

The purchaser of the shares would take immediate delivery of them and sell for cash, re-investing the proceeds into the market. All of this worked so long as share prices continued to rise, which they did by very large amounts during

The Souq'a post-dated cheque system spread so quickly, however, that it became an unregulated credit market and inter-locked with other post-dated cheques, written on the official stock market and in the property merket. The main support for this increasingly fragile struc-ture was the upward price spiral of share prices. Thus, the sbares of the

The case of the Securities Grap is e good example of how the market worked. With no the market worked. With no the market worked. With no the market worked with no the market worked. With no the market worked worked with no the market worked with no the market worked.

is believed to bave used post-dated cheques to buy and selt parts of Ruwait's Holiday Inn. As one senior Western diplomat put it: "That Holiday Inn has been bought and sold so many times it is like the Brooklyn Bridge."

If all of this seems extraordinary, that is because it is. It is however far from frivolous. The atory of the Souq al-Manakh bas been por-trayed in recent months as a great caper, a larger-than-life paper-chase in the Gulf of

Arabla. The truth is that its repercussions are grave.
The Souq crashed last August when post-dated cheques were presented for payment prematurely. Many in Kuwait expected the unofficial market

Many Kuwaitis had a great deal of money and little to spend it on. The need for an investment outlet was satisfied by the Souq

to collapse eventually, but two miscalculetions were major made. First, both government officials and Souq traders thought the market could hold out until December 1982, when a heevy volume of cheques was expected to mature; instead the crash came four months ahead of schedule, Second, nearly all of Kuwait expected that, as in 1977, the Government would provide a safety net and rescue the market from its folly.

The Kuwait Government took action on September 20, 1982, with the publicetion of a decree. The decree set up a clearing

ALTHOUGH Western central bankers and others may differ on the extent (or even the existence) of an international debt crisis, there are few in Kuwalt whn would deny that the collapse last summer of the Souq al-Manakh, the country's unofficial stock exchange, has resulted in a bona fide crisis.

The crisis relates to e Kuwalt Dinar 27bn (\$94bn) mountain of the content of the content of the content of the trading was done by Kuwaits lounging ebout Souq al-Manakh building during the hours of the early of the company-spaper was all over kurait only 24 hours after it was formed.

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These companies, many withwas formed.

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Shares of Ru 25 hours after it was formed.

These companies would be entire capital of the company-by for 4 per cent of the company-by for 4 per cent of the co nificant amount in itself.

Then the authorities would arrive at a formula for "discounting" the cheques, effectively strlpping out a large part of the share price premiums on a percentage basis. Efforts would then be made to settle the residue of cheque debts, perbaps around KD 2bn (\$7bn). Finally, Mr al-Hamad de-clared that certain debtors would be punished and would go to gaol. In a recent interview the finance minister con-tinued to adbere to his tough line, saying there would be "no blanket solution" and explaining there would be people "who

will have to be hurt." Unfortunately this seemingly logical approach to the post-dated cheque crisia bas not worked in practice. The cleariog house bas been established and some KD 27hn of cheques have been registered, but the tangled web of interlocking cheques bas proved a challenge even for the most complex eco-nometric models devised by the finance ministry's computers. The question of punishment of debtors bas also opened a can of worms in social and political terms—who should be punished and how can the Government avoid seeing the higgest debtors drag middle-level debtors down

with them? This last problem is the most serious and results from the possible strict enforcement of Kuwait's commercial code and hankruptcy laws. Up er the bankruptcy law if Individual A is declared hankrupt he must immediately call to all of his debtors. If Individual B, one of Individuel A's debtors, cannot

Soud traders (nine of the 6,000 investors eccount for some two-thirds of the \$945n, cheque mountain) is viewed by many than simply the South as a good of the south with the south wit is so that the south with the south with the south with the sou as a ancial injustice

The 6,000 investors caught by the crisis can be divided into three major sections of a pyramid. At the top are the "Magnificent Nine" who account for two-thirds of the theorems and force original purpose. cheques and face criminal prosecutions. Closely linked to these nine are a further 50 investors also facing prosecution.

The bottom of the pyramid is composed of the several thousand "small" investors with habilities of up to KD 2m (\$7m). This may not seem small, bot includes syndicates of investors where tax drivers and hotel cierks would have banded together to play the Souq. The Government is providing these investors with a KD 500m small fund-they will receive a bail-

The bail-out will work through the issue of government bonds le these investors (up to KD 2m), which will then be dis-counted at banks for cash. The hanks are therefore being used as government bond brokers and can be expected to earn a small margin on these transactions.

The truly difficult part of the pyramid is the middle—these 300 to 400 people who are neither certain to be gaoled nor several bundred Kuwaitis are bankrupted by the affair this said would be doubled to could do lasting damege to Kuwait's economy.

Mr al-Hamad agrees that the

cation of accounts and causing greater confusion.

Worst of all, the Government's stated intention of punishing several of the blggest Soug traders (nine of the 6000) but into the computer."

have over the last six months. Always drain reserves as well. Without exaggeration I bave But this has been an important been snowed under by a metrement's stated intention of various complications. Every possible assumption has been somether.

Mr al-Hamad says he recog-niaes that there is more at stake than simply the Soug al-Maoakh. Under threat is "the reputatinn of Kuwait, our methods of doing business, our attitudes toward contractual relations and the bonour system.

Meanwhile, however, he concedes that " the figures keep on changing."

Mr al-Hamad reckons the ultimate cost to the government of the Souq crisis will be "in total, a few hundred million" dinars, but this is only in the very long run. Steps have been taken already and they appear to suggest the cost of the crisis to the government will be billions rather than millions. There is the KD 500m small iovestor fund, which Mr Jasem Khalid al-Marzouk, the commerce and industry minister.

If enforced, Kuwait's bankruptcy law could result in a chain reaction of ... bankruptcies. This prospect is already paralysing much of the country's economic life

KD 1bn over the next six years. There is also around KD 500m which the Government has been

will be determined by the discounting formula). Nelther can provide the counting formula). Nelther can provide discounting formula is being their debtors and creditors are worth. Companies and banks are having difficulty in finding problem. I've never seen as auditors to sign their balance aheets, thus delaying the publication of accounts and causing greater confusion.

Worst of all, the Course.

Then there is a Government-funded loan programme, designed to help investors to mortgage property and official market shares in order to settle debts resulting from post-dated cheques. The Kuwalt Foreign Trading Contracting and loveat-ment Company (KFTCIC), which is more than 90 per cent Government-owned, is admini-Government-owned, ia administering this programme. Mr al-Marzouk of the commerce ministry says around KD 500m will be made available for this

Although Mr al-Hamad claims that all of this loan money will be repaid, another senior Government official (not a Cabinet Minister) saya: "These are doubtful loans. They will never be paid back. We have to bear the cost."

Mr al-Hamed has not quantical claims. Mr al-Hamed has not quanti-fied the amount of loan money to be made available through KFTCIC. He says only: "I em

open to any amount." "Open to any amount.

"Open" is the operative word here. For when all the dust finally settles on this embarrassing crisis, most seasoned Kuwaiti financiers reckoo the resolution will lie in a certain amount of Government a certain amount of Government money being thrown at the problem, a certain number of Kuwaitis being gaoled and bankrupted, and a certain number of residual financial and social problems remaining unresolved for several years. There is no clear answer to

the crisis. There is some consolation in the fact that Kuwait's financial reserves are said to be well over \$50bn, so that if the actual cost were on the order of 57bn, it would be damaging but sustainable. At the end of the day, according to one Western diplomat with long experience in the Middle East, the crisis will result in "e dent to the body-work of Kuwait "The RollsRoyce of Kuwait has been dented. But it can and will be required"

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KUWAIT REINSURANCE COMPANY (K.S.C.) Protects the world

Confusion which will take years to untangle

THE SOUQ AL-MANAKH stock exchange crash of last September has touched almost every facet of life in Kuwait. Like some over-fed giant octu-pus, its tentacles have grasped even the delicate mechanisms of society—honour, trust and the family loyalty which is the very structure of Kuwait. This is perhaps the greatest cost the country is paying.

On another level, every aspect of commercial life has been affected. The banks face huge loan losses, as yet uncalculated.
The legal system is a logjam which could take years to untangle. Trading has slowed because no one knows what anyone is worth any more. Even the Government itself is in disrepute, and faces mass resignations when—and if—the crisis is solved.

is solved.

Internationally 100, the Kn-waitis have lost a lot of face. Gone is their reputation as the region's smart investors, the whiz kids of finance. From Abu Dhabi to Bahrain, there is a smug feeling of satisfaction that this time the Kuwaitis bave overstretched themselves. Outside the region, foreign comside the region, foreign com-panies must be wondering if their local agent is one of those referred for bankruptcy proceedings.

Part of the tragic lure of the Souq al-Manakh exchange was the cheapness of its shares. For the cost of a newspaper, every-one could join in, and every-body did. And even if you did not have funds for your first stake, there was always the mechanism of the post-dated cheque. Many young Kuwaitis saw the Manakh as a way of acquiring the instant riches that their country is so famous for, which seemed so unattainable

It was a way of eaching un with the fabulously rich traditional families of Kuwait which carry so much status and clout in the city. Now, that whole generation is tainted as idiots, the babes of finance who dabbled in a world they did not understand.

Today, those minor family members, the third cousins, the young sons and brothers, are being blamed for the smears on the family name. The grand old men of the Kuwalti trading houses are being obliged to cough up fortunes to remove the new element of doubt on the family escutcheon. As yet no one knows how this will affect the long-term futures of such ments are, by their very nature, shrouded in secrecy. Some families, however, are

refusing to ball out their errant sons and cousins—for the simple reason that it would cost too much. "It depends on the magnitude of the debt." commented one local management consultant. "If for example, it is going to damage or destroy most of the family fortune, then some families are deciding that it is in the interest of the wbole family to let one member go under. That way, only one mem-ber goes bankrupt and the family fortune remains intact."

For some families, though, a bail-out is necessary and uo-avoidable. Many of the major trading houses maintained in-vestment departments and inevitably many of these divisions dabbled in Manakh because the returns were so promising. Now the whole company, profilable divisions in-cluded, is being called on to pay up on the debts of the Manakh disaster.

As one cynical observer put it: "There are no classical families in Kuwait anymore. Don't believe it when they tell you they were never involved. They all were and they've all been affected."

The Manakh problem also contains the seeds of binterness for the relations between Kuwaitis and their foreign Arab employees. Thousands of Egyptians, Jordanians and Egyptians, Jordanians and Palestinians passed over money for their Kuwaiti friends and employers to magically multiply. on the Souo al-Manakh exchange. Like the Palestnian barber who got in conversation with one of the big eight dealers while cutting his hair. He ended up handing over his lifetime's savings, some KD 30,000, the result of 22 years work in Kuwait.

Today that Palestinian barber stands somewhere near the end of the queue in the line of creditors. Or the interior decorator who undertook KD 500,000worth of work for another of the big and now very broke speculators. (No one is even willing to guess when the trade related creditors are going to have their share of the final meagre pay-out when it comes. That could be years away).

All such stories—and there are thousands of them in Kuwait—will only add to the silent resentment already felt by many foreign Arabs.

The promise of instant fortunes jured everyone in. Contractors used their advance payments on contracts to play the Manakh. Some even bid atvery low prices assuming that the Souq exchange would make



A decline in sales of luxurles like the Rolls Royce has been one effect of the Song collapse. However, at least two potential customers are still interested enough to give the car close scrutiny

up the difference. Today, projects in both Iraq and Kuwast more or less abandoned, and no face the prospect of incompletion, peralties and huge issued since.

Meantime, local auditors are

Industrial organisations, too, were rumoured to be taking their loans from the Industrial Bank, and playing the exchange

KD 20m, were formed largely for the purpose of securing funds with which to play the exchange. Today they are over-burdened with some of the

Effects of the Soug collapse

KATHLEEN EVANS

biggest post-dated cheques, and few can even issue a balance

Balance speets have become a major problem in Kuwait, for until there is some indication of how much each individual post-dated cheque is worth, or returns, whether it is worth anything at all, many companies are unable to determine whether they are

Meantime, local auditors are recommending that clients make

100 per cent provision for any post-dated cheques. "Otherwise, we are unable to say whether the balance sheet represents a n- capital equipment.

10 No one knows yet the future of the 50-odd closed companies which were formed between 1978 and 1982. Established as "real estate" or "investment" companies, these ventures, many of which had initial capitals of KD 20m, were formed largely for the purpose of the balance sheets were going out one's worth has a continuous many of the balance sheet represents a fair reflection of any company's situation. We cannot quantify any provision for the cheques on this," said one. A lot of the balance sheets were going out the continuous many of which had initial capitals of the continuous many of which had init

one's worth has caused a 'fail
in trading in Kuwait. The slowdown began in fact before the
actual crash in September,
explained one prominent trader.
"People were dumping goods
in the market, selling their shops
and not restocking, just so they would have the cash to play the stock exchange."

stock exchange."

"Now they cannot think of business at all. They are too busy wondering whether they are going to jail or the bankruptcy court," the general manager of one trading agency added. The downturn in trading has been particularly felt in the luxury end of the consumer market — Rolls-Royce sales have dipped for example, and people are putting off ordering capital items for their businesses until next year or until confidence returns,

whether it is worth anything at all, many companies are unable to determine whether they are in a profit or massive loss position.

A lot of small traders have informal the negotiations are. Naturally, the lawyers are agencies, and as a result credit assembling every possible kind lines have tightened up. Some of defence for their clients. The companies are already asking most popular which may be used for money up front before work is that the Soug al-Manakh was begins on any contract. Banks an illicit and unrecognised that when drawing up balance sheets, companies should follow the formula laid down by the Chamber of Commerce. However, the Chamber of Commerce in the negotiations are. Naturally, the lawyers are agencies, and as a result credit assembling every possible kind most popular which may be used to remain the negotiations are. Naturally, the lawyers are agencies, and as a result credit assembling every possible kind most popular which may be used to remain the negotiations are. Naturally, the lawyers are agencies, and as a result credit assembling every possible kind most popular which may be used to remain the negotiations are. Naturally, the lawyers are agencies, and as a result credit assembling every possible kind most popular which may be used to remain the negotiations are. A lot of small traders have

te he an extremely lean year.

The only sector of the economy likely to experience a boom in the next few years as a result of the Manakh crisis is the legal profession. Already some 69 people have been re-ferred to the court for investi-

ferred to the court for investigation for possible procecution for bankruptry. Yet in spite of the bonanza of business ahead for the lawyers, a number are concerned about the long-term effects the crisis will have on the legal system as a whole. At the moment, lawyers hre playing only a limited role because to a large extent, actions for bankruptcy have been frozen by the emiri decrees of 1957 and and 1959. It is the governmentappointed arbitration panel which is deciding who may be possible candidates, for court action.

Already, a number of lawyers

action.

Already, a number of lawyers have characterised the proceedings at the arbitration panel as "cruel and unjust". Lawyers are given very little opportunity to secre points for their clients with the committee. "We go along with our clients just for moral support and some comfort —not as lawyers," said one local counsellor.

counsellor.

The greatest threat perhaps for the legal system is the need for haste. The economy, the society and the government needs a quick solution to this Manakh problem so that its cloud does not hang over Kuwait for long.

The problem is that justice is rarely seen to be speedly done. For a start, Knwait is likely to suffer a shortage of judges to adjudicate the upcoming court actions. The Government says it wants to offer "oven-ready

it wants to offer "oven-ready solutions" to the courts so that the proceedings will not over-burden the legal system.

The magnitude of the legal problem is staggering, not only problem is staggering, not only for the number of people who may face bankruptcy (and they could run into hundreds) but their creditors run into thousands. Even without the trade-related cheques and debts, the tangle of indebtedness on the stock exchange transactions is going to prove a difficult problem to unwavel no matter how lem to unravel, no matter how informal the negotiations are.

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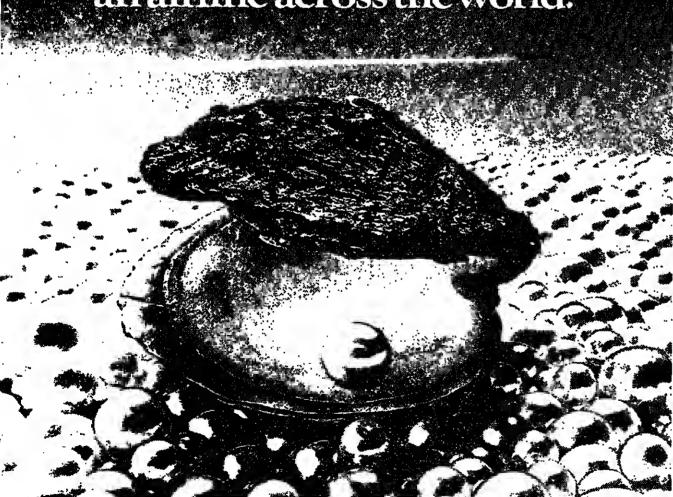
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FINANCE

KUWAIT IX



The stock exchange: the 1981-82 saga of over-optimism

How dealers failed to learn the forward cheque lesson

THERE IS a tendency to dis-cuss the forward-cheque crisis meant that a new entrant to the in the Kuwait market in terms game had to find around KD that suggest that the trouble is confined to the unofficial market in Gulf shares in the Souq al-Menakh. This is only partly true. At the time that forward haps move later to the heavy-dealings were finally happend. true. At the time that forward dealings were finally hanned,

would have partly netted nut, but the same was true else-where. More to the point it was possible to calculate that for all the forward positions in the official market to be successfully covered, spot prices of the underlying shares would have had to double between September and December 1982 and double again in the first form double again in the first five months of 1983.

These calculations were possible because, for the official market, weekly figures were published of the amount, value and settlement dates for forward deals. No similar figures

During the whole period of speculative frenzy share market tended to lead the way first up and then, after May 1982, downward again. The same operators were to a large extent active in both markets but tended to concentrate first on the unofficial market, because the relatively low unit prices of shares there made

them more attractive counters.
The forward-cheque game—in
which one of the rules is that the seller customarily delivers the stock at once, only the settlement being deferred—can only be played if the share in question can be readily traded in the cash market. The more actively traded Kuwalti, as opposed to Gulf, stocks tend to be the banks and real estate companies which typically stood at between KD 15 and KD 25 followed ultimately by collapse

dealings were finally hanned, the gross open position in Kuwaiti sbares listed on the official market amounted to over KD 4.1bn (roughly f8bn at the then rate of exchange).

It is true that within this gross total there were a lot of officting transactions which, had they run to settlement, would have partly netted nut, but the same was true else.

A typical comment in April and May 1982 when the official market was sucked upwards by the whintwind from around 490 on the Euro-Kuwaiti share index to around 580—a gain of two weeks—would be: "If Gulf Bank must be worth a lot more than KD 23."

Any suspression that the first

Any suggestion that the first part of this statement was a subjective view with little rela-tion to true values would be regarded at that time as in poor laste if not downright subver-

At the best of times Kuwaiti share prices are based much more on mopes and expectation than on any consistent evalua-tion of underlying performance. In the early summer the only consistent basis of evaluation

was fantasy.

As a result cash prices for the official market moved quietly and sideways for the first three months of 1982 but ward deals. No similar figures ward deals. No similar figures were ever published for the guietly and sideways for me soup al-Menakh but the general first three months of 1982 but assumption was that the situation was a hertic burst of activity. 600 on the index in mid-May. Thereafter there was a slee slide all the way back to 500 in

mid-August.
The spreading word that the Government was about to act to stem the fall then caused a hectic three-day hurst which carried price levels back to 540. but, as soon as it was found that no government money would be on the table, prices, and volume, slumped again, bottom-

ing at 460 in late October. Since then the operations of the government support fund, buying small lots of not more than 5,000 shares at fixed prices. has put a floor under the market nt a cost to public funds of around KD 500m in the past three months.

panies far outstripping the all-

The official stock exchange

CHARLES BABINGTON

ing by post-dated cheques also built up, though premiums never rose higher than 25 per cent for 12 months deferment of settlement. This happened in spite of the fact that at that time forward dealings were officially prohibited.

Unlike 1981-82, however, the forward dealings did not drag the spot market up but represented only the frotb. The main driving force for share prices in 1976 was the steep escalation in property prices at that time, as is shown by the fact that it was real estate, investment and indriving force for share prices in bank or other arrangements 1976 was the steep escalation in accordingly. Or, of course, they property prices at that time, as is shown by the fact that it was is shown by the fact that it was real estate, investment and inwas first through the door, surance companies that led the slapped down his share certificates, with banks playing a very modest role.

Some observers, however, noted early in 1982 that the basic condition of the market was very much as it had been early in 1977. The high level of share prices led to a spate of rights issues by listed companies and a surge in new company flota-tions. In 1977, as in 1982, forward buyers found themselves committed to naving a premium over 12-month old spot prices which were well above the levels currently prevailing at which they could hope to close out

The fall in the market over 1977 as a whole was about 25 per cent from the peak of November, 1976.

The other interesting point

This was a slightly greater about the saga of over-optimism but less steep fall than the 23

in 1981-82 is that it is a re-run of what happened on a smaller scale in 1976-77. Taking January 1 1976 as a base date of 100 for the index of all shares, price levels rose to 230 at the end of November with real estate and investment companies far outstripping the all-Bank shares at that time were typically priced hetween KD 100 and KD 250. This limited the number of those able to play. Secondly in 1976-77 there was

no Souq al-Menakh. The decline in prices in 1977 was not, in fact, extreme by Western standards, still less by those of Hong Kong. But some of the more active stocks fell by more than the average and by the end of the year some investors were in deep trouble. As a result, in spite of successive denials by authorities such as the Governor of the Central Bank and the then Minister of Finance, the Government finally rmance, the Government analystepped in by setting fixed floor prices at which Kuwait Foreign Trading Contracting & Investment Company (KFTCIC) would buy in any shares offered. This meant that any investors in trouble could at once put a

maximum limit on their exposure, whether on account of cash or forward deals, and make

saying "I am never going near that market again." Three months later he led the race on the boards a deal in the newly opened temporary trad-

ing floor.
This operation cost the Gov. ernment around KD 150m in the first three months of 1978 before the operation was suspended. Of this around 80 per cent (KD 120m) was spent on the shares of just four companies. Not a single bank share was sold to the Government and indeed the directors of the banks went to some pains to keep their prices above the Government's buy-in

Nevertheless this episode fos tered the belief that investing in the Kuwaiti market was vir-tually risk-free. Not only could one be assured that the Govern ment would never let a compan go to the wall, they would almost certainly always in the end take steps at least to limit investors' losses.

This facile optimism to an extent underpinned the excesses of 1981 and 1982. There were always some who cautiously drew a distinction between government support for officially listed Kuwaiti companies and investors in their panles and investors in their bares, and support for off-shore companies, which in many cases were so formed with the specific purpose of avoiding Kuwaiti regulations.

Others pointed out that from

Others pointed out that from the formation of Sharjah Group, the first of these, until at least mid-1980, the Government had Issued a series of notices banuing all dealings in Gulf companies. On one occasion the Ministry of Commerce in a dawn raid closed down all their registrars' offices but the traders found little difficulty in registering by telex in Bahrain registering by telex in Bahrain or elsewhere. Those at the heart of the game

however, gave no beed to these doubts and never paused to consider how the Government could possibly sanction a rescue scheme on 1978 lines for deal-ings which it had specifically condemned as illegal.

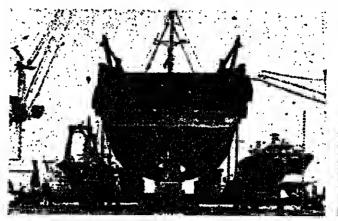
Kuwait is not the only market where speculative frenzy takes hold from time to time. Nor is it the only market where the lessons of one disastrous enisode are quickly forgotten. Within recent memory the same has happened in Australia and in

Hong Kong.

There are few other countries however where the stock market is such a prominent part of the economic and social fabric or where the sums at stake among individuals are several times the total assets of the banking

The year 1977 showed that the as long as prices go on rising. Five years later the new generation showed that they had not learnt that lesson.

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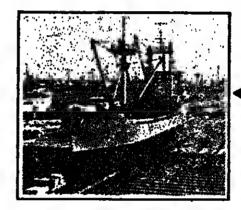
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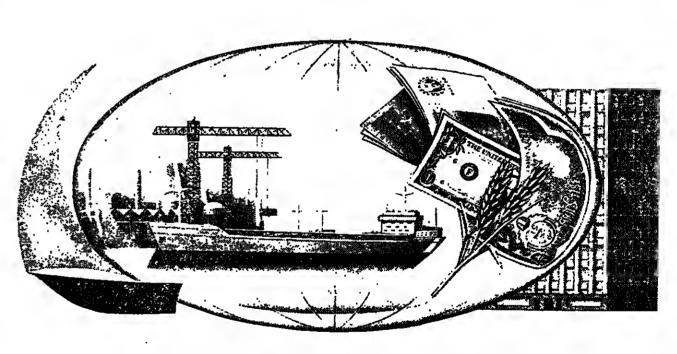
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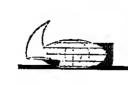


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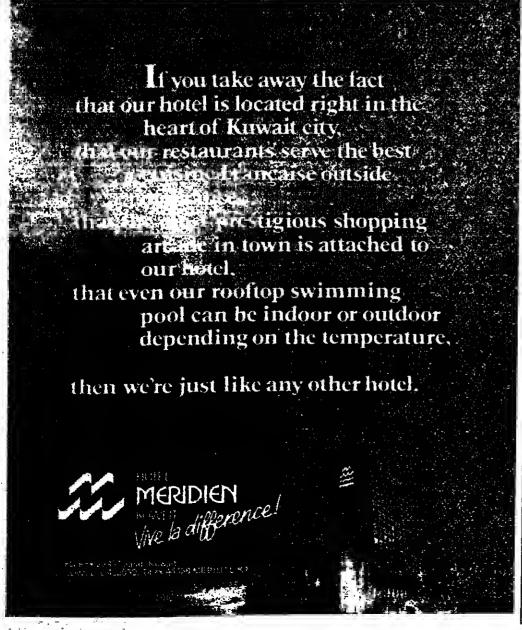
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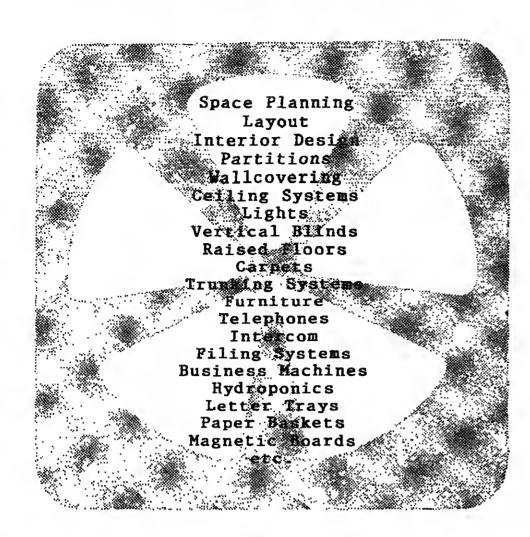
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'Unless ministers act this market is finished'

"HOW could I dare walk into omeone's office and offer a 13 or 14 per cent yield on a KD bond when the guy was making a 30, 50 or 100 per cent return on the Souq Al Manakh?"

There, in a nutshell, is one leading Knwaiti banker's analysis of why the KD bond market shut down last June.
"It was simply impossible to
compete with the Souq.
Nohody was interested," commented another hapless hand salesman, referring to the high returns Knwaitls were achieving hy playing the country's unofficial stock market through the use of post-dated cheques.

The KD bond market, which started in 1974 with the first-ever public issue, bas been morihund now for eight months. Not a single new issue has been launched and it is widely believed in Knwalt that only a signal from Mr

KD Bonds ALAN FRIEDMAN

Abdul Latif al-Hamad, the the market.

the market.

There were seven new public KD bond issues in the six months which ended last June, bringing the total outstanding volume of KD bonds since 1974 to around KD 500m (\$1.7ba).

The market closed down with a KD 7m, 12† per cent five-year bond for the Oesterreichischer Kontrollbank, lead-managed by the Kuwalt Forelgn Trading Contracting and Investment Company, one of the "Three K's"

pany, one of the "Three K's" which dominate the market.

Retail investors do not really exist in the KD bond market, but even institutional

market, but even institutional investors were more intrigued by the Sonq than by bonds. The Knwait Investment Company, another of the "Three Ks." serubbed plans to launeh a 13 per cent bond for a European borrower last July because of this pheno-

KUWAIT DINAR BOND ISSUES-1982 Original Lead manager XFTCIC Charbonnages de France Enso-Gutzeit Oy (Finland) Dart and Kraft Finance NV ... Richardson-Vicks Finance NV KIC KIIC Banque Nat ale do Paris
Orient Leasin, Caribbean NV (Orient Leasing
Co, Ltd ann The Sanwa Bank, Ltd)
Oesterreichische Konfrollbank Aktiengesellschaft (The Republic of Austria) KIIC: Kuwait International Investment Company KIC: Kuwait Investment Company KFTCIC: Kuwait Foreign Trading, Contracting and Investment Company

Now that the Song has crashed, all of Kuwait is obsessed with the KD 27bn (594hn) of post-dated cheques (this is chronicled elsewhere in the survey). Bankers point out that as a result of the financial uncertainty receiving from the cheans

resulting from the cheque mountain, underwriting bonds is a luxury few in Kuwait have time to consider. Not only do many in Knwait

not know what their financial position will be when the cheques are eventually sorted ont, but they are also afraid that if a KD bond issue came to market now there could be political repercussions about the expert of capital.

What future, then, for the

What future, then, for the KD bond market? The secondary market is doing well because of the shortage of new paper and the dramatic fail in short-term KD interest rates over the past few months. The six-month so-called Kuwaiti interbank offered rate (Kibor) has come down around 5 per cent to a down around 5 per cent to a 61 per cent level. This has 54 per cent level. This has naturally helped the bond market's trading side as average secondary bond yields are still around 11 per cent. Secondary bond prices have risen by around 10 per cent since November.

The Arab Company for Trading Securities (ACTS) is Knwait's main secondary market-maker and reports that trading turnover duting 1982 reached a level of close

3-Month Interest Rates 1981

to one-third of all outstanding issues. But as one market participant noted: "The sad thing about this sector is that just as prime names were coming to the market last year, we halted new issues."

The KD bond market, according to its leaders, is unlikely to reopen until the post-dated cheque problem is at least partly resolved. Opti-mists in the market predict a new KD bond issue in six

But nearly everyone in the KD bond market agrees that as much of Kuwalt's financial

life is influenced directly or indirectly by the Government, it is up to the finance minister new issue market.

One pessimistic KD bond trader concluded: "Unless Abdul Latif is committed to it, this market is finished. We need a signal from him if the market is going to con-

This view is substantiated w Mr Abdol Latif al-Hamad imself: "I am not going to give a signal now. This is the wrong time. I'm not going to

Middle ground's plea for help

bas inevitably been affected by last year's crash in the Souq al-Manakh unofficial share market. Some prime development land and a few now notorious buildings changed hands in a string of deals at premiums similar to the Souq and on for-ward cheques. Overall, bowever, the real estate market has so far shown considerable resilience.

None the less anxiety is now emerging about the sale of real estate to meet Souq obligations. "Real estate is a very sensitive issue," says one of the private sector real estate companies.

The Government's line is that the real estate market is huoyant; residential development lots do not need protect-ing against erosion of value or future gazumplng and commer-cial rents have risen. Finance and Planning Minister Abdel Latif al-Hamad said recently that on commercial property people are now accepting much lower yields. Prices had gone up while rents had doubled per cubic foot over the last two or three months. "We may be fac-ing a crisis down the road."

The Government does not intend directly to support the real estate market. "We will not estate market. "We will not funds for the small investors step in," says a government and its direct deposits of some official. "The price of land in KD 300m to KD 400m with the

Real estate transactions over late 1981 and 1982 have not been collected by the Kuwait Clearing Company (Kuclear), set up to sort out the Souq forward cheques, nor, as in the case of Law 57 on Souq forward cheques, bas there been any legal chaoge in the redress available for bad cheques. Kuwaiti citizens are expected

to sort out their own real estate transactions, forward purchases and cross-indebtedness. Though there were far fewer players in this market than in the Souq, the individual sums involved were large and some of the real estate chain transactions are likely to sweep in a number of "hard luck" cases. Equally, if without fresh flexibility of timing or instruments the Government continues its hardline of the process of law for all, potentially solvent but temporarily illiquid people could have to liquidate property to meet Souq obligations.

Any hints of uncertainty in the real estate market tend to make Kuwaitis a bit jittery.

It is too early to test now on sold on, and then on, until international investment out the real estate market is in some cases chains of look and weariness ever new sources of wealth, and of these, settlement, so none of the with forward cheques, cash, with slock market activity low feared chains of bankruptcies on sold on, and then on, until international investment out the some cases chains of look and weariness ever new share investments, people will forward cheques, cash, late 1983 and the market will shares, swing upwards. make Kuwaitis a bit jittery.

estate gives the best prospects. Knowing the Government is taking a band to sort out the Souq debacle but will not directly assist in real estate. Kuwaitis are giving priority to settling their real estate positions. "People are very afraid of cheques related to property," says one Government source.

Commercial banks and investment companies are also con-cerned about the impact of Government policy on the real estate market. Fears are that while the small investors are being protected and the boys are going to the wall the Gov-ernment is not helping the middle scale investors. A commercial banker comments:
"No one knows bow many bankruptcies will occur if the process Government has to do some Government has to do something for the middle group, the illiquid but solvent investors."

These are the investors from whom the real estate dumping

is likely to come, he says.

Indirectly the Government is already supporting the real estate market, through its purchase of some KD 500m worth of official stock market shares, its land acquisitions of KD 452m over fiscal 1981/82, its KD 500m Kuwait is unrealistic. It has commercial banks. In another gone up four times in two years. If there are liquidations and prices change it will be a normal correction for this growth."

Kuwait is unrealistic. It has commercial banks. In another move the Government is making one year bridging loans available through Kuwait Foreign Trading, Contracting and Investment. Kuwait Investment Company (KIC), both government con-trolled institutions. These loans with a possible one year exten-sion, will be at between 9.5 per cent and 10 per cent about 2 per cent below the commercial banks rates, and will be avail-able against collateral of 75 per cent of shares and 80 per cent of real estate.

The loans will be assessed against the borrower's real estate valued at current market prices by a new team of asses-sors. They will not be available against a borrower's only piece of property. The terms, though easier than the commercial banks', are seen as not soft enough. The Government should ease credit criteria and take less collateral to help investors," says one banker.

"People are very spoilt," replies a government source, "If we offered them 3 per cent they'd say if was hard." There are signs, however, that the Government does not anticipate full repayment of these loans. It is too early to tell how

real estate market and trading prospects poor, real have yet occurred. People are other property or a combination been affected by estate gives the best prospects. still hanging on to real estate of these. so current estimates of real estate prices are hard to come

> Before August 1982 there had been a sharp escalation in prices for both residential and commercial property in Kuwait city inself and in prime areas outside the city limits. Over 1981 and 1982 prime commercial development land inside the city rose by some 70 to 80 per cent. Rents also rose and key money, especially near the Souq, rose enormously.

Since August 1982 residential development plots have dropped by between 20 and 30 per cent and similar commercial fand by some 15 per cent. Key money is down by around

Real estate CAROLINE MONTAGU

40 per cent. Reuts, however, for both commercial and residen-tial property have either remained static or risen, due to a genuine government demand for middle and upper income housing.

Estimates vary considerably about the volume of forward real estate transactions in 1982. Private sector sources suggest between KD5bn and KD10bn but the Government dismisses this as gross exaggeration.

Among the eight major forward dealers, four are known to have dealt in real estate. In general the big players in real estate are different from those in the stock market and from the previously unknown Souq punters. Wealthy individuals and real estate companies have been profitably speculating in real estate for years. Some of last year's deals fall

into the category of normal real estate development. Others became an extension of the Soug when real estate was purchased forward like Gulf shares. Under Ruward law the transfer of tille from a real estate purchase should be registered at the Ministry of Justice and a fee, formerly of 2.5 per cent, now of 0.5 per cent of the purchase price, paid.

allowed the same property to lets in Kuwait, a less appetising in some cases obtains international investment.

Attempts disentangle these chains are bitting real difficulties in establishing ownership and setting the levels at which to discount the forward premium. Some property deals went through purely as a financing exercise. Others had a genuine development premium.

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Dealers in this market too are being encouraged to settle privately. An investment com-pany explains: "There have been lots of defaults in real estate cheques but in most of the cases the deals have been cancelled. We bad one such sale, so we took back the pro-perty, tore up the cheque, the power of attorney was nullified and we sold on to another pur-chaser. There was no point in sending anyone to gaol."

Any private settlement involving people aiready under scrutiny by the government arbitration panel requires the panel's approval. Further problems in disentangling the chains lie between the original vendor persenting title original vendor possessing title and the ultimate purchaser with power

of attorney.

If the vendor goes bankrupt

If the vendor goes bankrupt the subsequent chain is likely to get nothing. If the vendor sues the ultimate purchaser for a bad cheque, the intervening purchasers can enter the law-suit also claiming an interest.

There is still no consensus on the likely price of real estate over the next few months. The Government's land purchase programme, always an agent for spreading wealth in Kuwait, has doubled its budgetary allocation for this fiscal year to KD 300m. Whether the Government would step in, in Government would step in, in spite of public denials, should real estate substantially fall is unclear.

Some suggest lack of funds would prevent this and that state purchase of shares on the official market is more likely. On past experience, others comment, the Government could not stand to one side.

There is an equal lack of unanimity about where real estate is going in the near future. One side proposes that if the Government does not ease the path of these middle investors, there will be a rash of real estate liquidations and prices will drop. The other school of thought suggests that with increased liquidity in the Last year registration was largely ignored—as it had been to some degree before—and the vendor retained the title but gave the purchaser irrevocable power of attorney. This deal, effected within a day or so lack of genuine investment outinternational investment out-look and weariness over new

hidden profits were probably even higher but the figures do

Ruwait's banking community, like every other part of Kuwait's financial community, has been hit by the \$94hn mountain of post-dated cheques resulting from the Souq collapse. Yet, there is little to worry about in practical terms because the choques will be discounted the Government is ex-

counted, the Government is ex-

pected to step in and holp clear

up the mess, and the banks can bank on the Government's

willingness to inject liquidity into the system as required.

The banks can also rely on a more intangible element of

Ruwaiti banking—the fact that this is a closely-knit community with an uncanny amount of faith in its ability to take care

not tell the whole story.

Future secure despite loans risk

to other Kuwait-based bankers and diplomats. Collateral is hard to gauge, but if real estate is the collateral then one

must question at what book value it was calculated. If

shares were collateral, then what sort of shares—official or

Bankers confirm that many

customors are not paying interest. Some are not liquid

onough and others are counting on an evontual settlement from

the Souq al-Manakh chequo mountain to bail them out.

the best private estimates of the hidden reserves of Kuwait's major six banks suggest that tho total is between KD 500m and KD 800m. This compares with personal loan exposure of KD 2bn, of which a significant

unlikely that this will be

Tho truth of the matter is that there are any number of

"We will always support our financial institutions. We will

He says that if foreigners are

The best private estimates of

unofficial ones?

necessary.

"I'LL BE frank with you. Much of our personal lending and evon some of our company lending some of our company lending went straight ento the Souq. Our board of directors took a decision et one point last year to refuse to lend any money to some of the more notorious of the hig Souq dealers. But three of our bank directors had their names published leter as having last money personality on the

This confession, from an executive of one of Knwait's biggest banks, illustrates the far-reaching impact of the post-dated cheque crisis which followed the collapse of the Souq al-Manakh. Kuwaat's unofficial stack market stock market.

None of Kuwait's major banks are in jeopardy, regardless of their technical position. But conversations with several leading Kuwaiti bankers reveal that of where much of their personal financial services loan advances has been channelled — straight into real estate and Souq al-

Manakh speculation.

This is because of the unique cultural approach to banking which exists in Kuwait — loans are said to be collateralised by property and other assets, but In reality a number of loans may be made because so-and-so is someone else's cousin or brother-in-law. The banking community, like the rest of Knwait, runs on the country's traditional east attack. traditional caste system, where one family's name has, in effect, a better creditworthiness than

Knwait's banks have been very profitable over the past few years. They should be. Deposits are taken not just from Ruwaitis, but also from the pru-dent and poorly paid foreign workers (Indians, Pakistanis, Filipinos and others). This money is then turned around and loaned at extraordinarily high margins domestically; the margins may be as high as 5 or

This is not to say that banks in Kuwait are irresponsible. Rather, they have standards which are different from a Barclays or a Deutscho Bank. A foreign diplomat summed it up this way: "Most of the domes-tic lending is simply what we would call overdraft lending and it is for unspecified pur-

poses."
Of total Kuwaiti domestic lending of around KD 4.3bn (foreign lending amounts to an additional KD 2bn), something

After a while, however, the banks stopped funding Souq triate banker who sums up the speculation and the traders started writing more post-dated cheques than ever. None the "Several of the Souq) this way: cheques than ever. None the "Several of the banks here in less, most bankers in Knwait agree that a sizeable portion of because they have a large prothe personal lending (around portion of loans for which the KD 2bn) outstanding may well be at risk, "In other accounting systems we might classify even hidden reserves, are not

Growth of Liquidity in Kuwait Banking System

Kuwaiti Banks - Distribution of advances to private sector

hy the quality of their domestic lending, then they should first compare such londing with the international sovereign lending of foreign banks. He has a point.

However, this is not good enough for the general manager

of one of Kuwait's big banks: "We are paralysed. Nobody

is paying or receiving anything. From the very beginning the

ministry of finance should have

brought in a dozen auditors, a

team of experts. But they sought a clannish solution instead. This does not work.

Meanwhile, the banks carry

on preparing their 1982 results.

The figures don't necessarily look bad. The National Bank

of Kuwait, the country's higgest this is a clean most conservative hank, with an usaw its 1982 declared profits up faith in its 25 per cent at KD 20m. Its of its own.

sufficient to cover the loans."

This statement may seem strong, but there is more than a shred of truth in it, according some of these toans as bad and doubtful risks," explained one British expatriate banker in

Kuwait.

What does all of this mean for Kuwait's banking system? Are any of the banks at risk? Hardly. The curious anomaly about Kuwait's banking system is that Western rules simply don't apply here. One must discard all notions of balance sheet health and bad debt pro-

Banking ALAN FRIEDMAN

visions—and substitute instead a system in which a wealthy government is willing to back the banks to the hilt. There is also an intricato network of

part may have been used for speculative purposes. The num-bers are almost too heady to comemplate; fortunately it is leading families who control the banks.

The key to understanding Kuwant's financial system is the country's liquidity. The Kuwaiti Dinar money supply amounts to something in oxcess of KD 4bn. It has grown dramatically over the past three informal ways of calculating Kuwaiti loan loss provisions. One banker said: "Of course I am worried about my customers or four years at an annual rate approaching 25 per cent.

In the past few months the Gyvernment is understood to have pumped in hundreds of (foreign lending amounts to an additional KD 2bn), something approaching 50 per cent has been loaned for what may be termed "personal purposes."

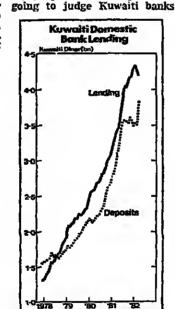
Lending picked up in a big way in the past two years when the Souq al-Manakh was in its prime and nearly everyone in Kuwait wanted to play the unofficial market.

After a while, however, the banks stopped funding Soug and something sour the sum of the sound for purposes."

Covernment is understood to have pumped in hundreds of the Soug crisis. Of course I am worried about the loans we those banks which needed support and bringing short-term interest rates down dramatically by around five percentago by around five percentago in South of the Soug al-Manakh was in its points.

So what does it really mean to speak of Kuwait's banks of Kuwait's banks of Kuwait's banks of Kuwait's banks triate banker who sums up the "We will always support our "We will always support our short prime and bringing short-term interest rates down dramatically by around five percentago in Kuwait, which transshould pay attention to this saying. Wo can work things out."

Mr Abdul Lateef al-Hamad, Kuwait's respected finance milister. Is more forthright:



PROFILE: JASSIM AL-MUTAWA

The man who owes \$10.5bn

AFTER spending a couple of hours in his small suito of offices at the Soun al-Manakh building in central Kuwait, it is hard to bollere that Jassim Al-Mutawa is a man who ower the bin own admission) (by his own admission) \$10.5hn and is well on his way lowards becoming the world's largest-ever personal bank-

rupicy.
Wisching him sipping his
Turkish coffee, reclining in
his oversiged leather-backed
swivel chair, waving his arms
to make a point, it is also
difficult to believe that he
faces criminal prospention and
perhate even

faces criminal presecution and perhaps even gaol.

Jasim, as he is known to all of Euwait, is a cheerful man, proud and self-assertive. He was the higgest dealer on the new-collapsed Soug al-Manakh and he wrote a lot of post-dated cheques. Ho reckots that while he may owe KD 3bs (\$18.5bn), he is owed KD 2bn, leaving a net liability of "only KD 1bn to pay." This, says Jassim, is no problem.

He must be bus land (includ-

He says he has land (including says he may land therefor, in Winchester, England") and shares to cover the KD 1bn. Unfortunately, some KD 578m of this KD 1hn (55,50b) is in Soud al-Manakh shares—the value of



these shares is dubious at Jassim, a former passport clerk, certainly has style.

Before settling down to chat
he signals to his assistants to
bring in Marlhoro cigarettes
and Turkish coffees. He even lights n ceremonial incense howl; it will bring good fortune to all who take a whin

of the aromatic amoke, he

in Knwait: "Jassim, Jassim, Jassim they say. They all talk about me. I will tell you the truth. I know I have dono nothing wrong. There are 6,000 other Jassim al-Motawas in Knwait. If they want to pot everybody in prison, let

The reason for his down-fall? "There was a killing jealousy. I am one of those young people who became something in a very sbort

time," he says. Jassim says he was planning to use some of his Souq profits to expand, bot ho did oot have the time. "I had plans to invest outside of Kowait as well, but my luck started to

well, but my luck started to run out."

As for his properties abroad —in London, Winchester, Spoin and Switzerland — Jassim says the Government has forhidden him to leave Kuwait and thus he cannot sell them. "I was asked by the Government to sell those properties. I told them properties. I told them—
'How could I sell if I am not allowed to travel outside of

In the end, Jassim reckons he has oothing much to fear, well maybe only one thing . . . or anybody hut Allah."

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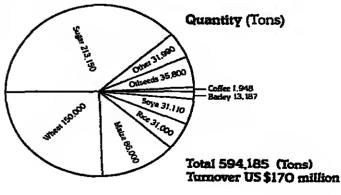
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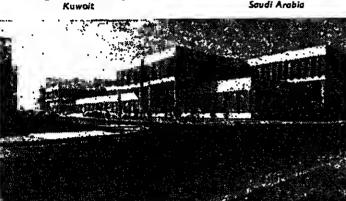
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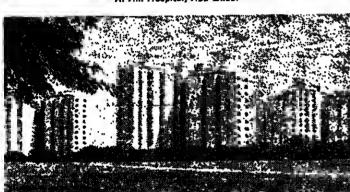
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When small means big in the field of success

tor in Kuwait say that by nature tor in Kuwait say that by nature to encourage most in kuwait, the country's people and With two-thirds of the lahour corientated. The Kuwaiti with the Kuwaitis already less than surplus funds to invest is more likely to be lured to the quick gains to be had from stock naturally look unattractive. exchange dealings, bonds and Toutounji believes that there nther financial instruments, or are many misconceptions among from property speculation, than Kuwaitis about industry. Most presiding over an industrial Kuwaitis think that it means

Nevertheless, there has been rapid growth in the country's industrial sector. The most successful are the smallest plants, whose output is dependent primarily on the local market and secondly the Gulf countries. Knwart is also well placed to profit from the region's largest

profit from the region's largest market, nearby Iraq with its population of over 14m.
Yet industry still only accounts for only 6 per cent of the country's CDP, which has risen from KD 75m in 1974 to KD 185m in 1980. Overall the sector achieved a growth rate of 16 per cent a year, with the most impressive rates shown in the fields of furniture, paper the fields of furniture, paper and non-metals industries. The food industry saw a 22 per cent growth and textiles 14 per cent.
Conversely the chemical sector
dropped back, for reasons
largely connected with the oil

Perhaps one of the most realistic views of the future nf industry in Kuwait is to be found at the country's Industrial Bank, a semi-government-owned institution established to encourage ventures in this field.

As it is the institution most closely involved in assessing and financing future industrial insulated. Other Gulf countries projects it is indicative there are introducing similar legislatore that in the coming year tion in an effort to curtail local the Industrial Bank of Kuwait energy consumption. Nevertheplans to shift its attention to projects outside the country. This is not to say that financing of industries inside the country is coming to an end, for the bank expects to spend its normal KD 30m this year in commit-ments for soft loans and assistance to local ventures. Senior executives at IBK are

now talking in terms of high technology ventures overseas and equity shareholdings in fields, such as genetics, com-puters and communications. "All the future industries, not the past" as Lucien Toutounji, executive director, puts it. Bank officials are working on a \$30m project in the field of genetics which will involve a group of leading Kuwaiti merchants. We

whereas, the whole of our com-munity last year to new ven-tures created only 2,000 new jobs. If you compare this with the number of bouse servants in Kuwait, it is probably many times more," remarks Toutounji.

IBK financed a further 31 projects in 1982 with commitments equalling KD 29m. The total pro-ject cost of those ventures amounted to KD 56m and brings the total number of projects assisted by the bank to 251.

So far the bank bas commit-ted KD 202m in soft loans and capitalisation to projects worth in total KD 432m. Nearly all —some 85 per cent—of these industrial ventures bave been in Kuwait. Until recently a major part

of these projects was in con-struction-related industry and last year some 47 per cent of the loans went to this sector. With the prospect of a down-turn in construction occurring in Kuwait, the bank is now concentrating on one particular industry—insulation materials. Following the issue of new building regulations designed to make Kuwaitis more energyconscious, all new buildings in the country will bave to be insulated. Other Gulf countries energy consumption. Nevertheless, the bank's largest project in 1982 was the expansion of the Kuwait Cement Company plant by a further 720,000 tonnes of grinding capacity to

a total of 2.1m. Toutounji says that while every effort is being made to steer away from further con-struction-related industries, the current projects already finan-ced by the bank are unlikely to be affected by the cutbacks in expenditures. "When you look at the cutbacks, they are coming mainly in the field of public works. Most of our projects are directed at the housing sector and the housing programmes have remedied into the cutback." have remained intact."

The IBK loans are also direcare hoping that these ventures ted at import substitution pro-outside can prove a training jects and ventures that can ground in high technology claim the whole Gulf as their industries for young Kuwaitis," market. In 1982 the bank's

bas been importing bottled

However, bank officials concede that with a population of only 1.5m Kuwait has a limited from property speculation, than Kuwaitis about industry. Most substitution industries. Those presiding over an industrial Kuwaitis think that it means industries aimed at the Gulf stock supply problems the venture whose returns can at importing many more labourers markets also face growing complants operated at only 50 per best only be long-term. absorptive capacity in import substitution industries. Those petition for there is little co-ordination at the private sector level among the Gulf states to avoid duplication.

Toutounji believes such dupli-cation is inevitable. "Why should I import insulating material from the Emirates and pay transport costs when I can acquire it cheaper locally?" he asked hypothetically. In the

Industrial strategy

KATHLEEN EVANS

past year the bank has turne its attention to other Gulf countries and a KD 1m ioan was extended to an egg farm in Sharjah, UAE. In 1983, however, the bank's attention is widening.

"We are looking at invest-ments outside because the absorptive capacity of Kuwatt is limited and there is a limited amount of raw materials. We have excess energies and we want to make use of our talents and our funds," says the bank's executive director. Until the Government takes the decision on further downstream develop-ment in the petrochemical field, Kuwait "will lack the basic building blocks of further industrialisation," he explains. The bank will therefore be shifting Its attention to the Arab world, to Europe and the U.S., in high technology

markets continuing weak and while Kuwait's oil production remains low, there seems little prospect of any major downstream projects being given the go-ahead. The proposals for the development of aromatics and

EVEN THE most enthusiastic High technology industry is local water bottling company, Ruwait or outside is undecided, promoters of the industrial section to encourage most in Kuwait. 12m bottles of water each year to encourage most in Kuwait.

for the local market. Kuwait after 1986 this could change. PIC's own ammonia and urea water from the Emirates, plants are already feeling the Lebanon and even Europe. effects of that gas shortage. In effects of that gas shortage. In 1982 the plants produced 450,000 tonnes of nrea and 360,000 - 370,000

> cent or less of their design capacity. Feedstock for PICs capetity. Feedstock for PICs plants comes from the LPG facility which in turn was only operating at about a sixth of its potential output. PIC's plants were conceived on a minimum oil production of Imbarrels a day (b/d) but with oil production currenally nunning at only 650,000 b/d internally, the PIC plants received only 40m cu ft of gas daily instead of the 75m cu ft required daily.

quired daily. PIC officials say that even though ammonia production is due to be increased by a third this year from 2,000 tonnes daily to 3,000 tonnes, this will not necessarily mean a greater feedstock requirement, since older parts of the plant are to be phased out. If the oil pro-duction dips by amother 50-100,000 b/d, the LPG facility could close altogether, though PIC officials maintain they have the equipment to be ablo to switch over to direct supply from the gas fields. The best PIC can hope for in 1983, says its chairman, is that they are able to continue operating at 50 per cent capacity.

The gloomy prospect of further downstream development in Kuwait has caused Kuwait Petrochemical In Knwait Petrochemical In-dustries Corporation to look elsewhere for supplies of raw material. KPIC will be looking primarily at the international market for its supplies and from 1984 from Saudi Arabia for one of its feedstock requirements.

KPIC undertook a study together with the French con-sultants, Beicip, to ascertain the most appropriate products for the Gulf area. The company With the world petrochemical was considering a small plont with the Guif as its market. The study identified two products— phthalic anhydride and polygo-ahead. The proposals for the styrene-as the most market-development of aromatics and olefins plants sppear to have been abandoned in the light of the country's gas shortage, \$2,000 tonnes a year of polysthough officials at the Petrochemicals Industries Company say they are still under study. The project has not yet received for the project ted at import substitution projects and ventures that can
claim the whole Gulf as their
market. In 1982 the bank's
second largest loan went to a second largest loan went loan largest loan went loan largest loan went loan largest loan largest loan went loan largest large

alt

Hopes of becoming Gulf assembly base

LIKE other di-producing coun- projects, but does not really tries of the Gull, Kuwait has bad to come to terms with the end of a revenue bonanza. This "reverse oil shock," although it can scarcely be described as traumatic, has strengthened the case of those who have been arguing resources (other than oil and resources (other than oil and resources).

of those who have been arguing for industrial diversification. The argument has been there for many years, if only because a diverse industrial base is small domestic market, regarded by many leading Apart from oil proKuwaitis as a sign of economic maturity, a goat worth pursuing despite the ali-too-obvious constraints.

work in industry, and small domestic market.

But if diversification makes more sense today than it did in the oil-boom years, that does not mean Kuwait's rulers are not mean Kuwait's rulers are disposed to throw money around in order to achieve it. Ministers and bankers pride themselves on their good tusiness sense and look almost pityingly on the grandiose schemes of nouveaux riches neighbours elsewhere in the Gulf.

Kuwait is an oil producer of long standing: but it was a busy trading post long before that The business community points to its mercantile past as the reason for its present-day bardheaded and free enterprise

Nor do Kuwaltis have much time for the protectionist fervour that is sweeping through the ranks of businessmen in countries like the United Arab Emirates.

This policy is perhaps un-surprising in a small country a population of less than 1.5mwhich has been, and remains, an important entrepot for other Gulf markets. Re-exports to Saudi Arabia alone, for example, bave risen from under KD 500,000 in 1969 to over KD 125m.

investments, does it need to not for considerable double-save on foreign exchange. About counting of oil revenues. Non-metal manufacture is the immigrant workers, whose pre-largest sector, followed by sence is a constant reminder of chemicals (excluding petroleum possible future political ten-sions. Kuwait still needs foreign products, metal products, food labout, particularly for the remaioing large construction and paper and printing.

want it. Job-creation is not part of the Government's industrial

gas), a lack of industrial skills, the reluctance of mationals to work in industry, and a very

small domestic market.

Apart from oil production and its downstream industries like chemicals and plastics, there is no obvious area of industrial activity waiting to be developed, and there is no agricultural sector (apam from egg production) worth the mention.

According to one prominent local businessman, much of the talk of diversification is there-fore wishful thinking. Kuwait fore wishful thinking. Kuwalt can continue to develop its own light industrial and service sectors. It can also play a large part in the Gulf Co-operation Council's attempts to cut out unnecessary duplication of heavy industry. But major new industry is probably not feasible, be says.

"The best way to find a substitute for crude oil is to have joint ventures abroad or large

Diversification

CHRISTIAN TYLER

equity stakes in overseas com-panies." In other words, to contime the policy—which might be called "proxy industrialisa-tion"—whereby Kuwait bas become a large financier and owner of other countries' industrial activity.

KD 125m.

Kuwaitis may be proud of their business acumen and sophistication but they cannot wish away the obvious impediments to becoming an industrialised nation. Quite apart from anything else, kuwait does not need to create employment, nor, with its huge overseas investments, does it need to not for considerable double-

IBK'S LOAN AND EQUITY COMMITMENTS

·	Projects	Cost (KD 000)	financing (KD 000)	Per
Construction materials	3	2.476	. 900	2.7
Metal prods. & engineering	7	9,618	3.830	11.8
Food and beverages	3	958	485	1.5
Furniture	4	5.254	2.100	6.4
Marine and oilfield services	2	18.278	11.500	35.5
Chemical products	10	22.080	6.785	20.9
Paper and paper products	3	2.295	1.150	3.5
Printing	4	6.806	3.340	10.3
Textiles and weaving	· 2	4.541	1.900	5.8
Miscellaneous	1	1,000	400	1.2
Total	39	73,306	32,390	100.0

IBK'S CUMULATIVE LOAN AND **EQUITY COMMITMENTS**

	1974-81			
	Projects	Cost (KD 900)	IBK financing (KD 000)	Per cen
Construction materials	. 68	120,853	55.912	32.2
Metal prods. & engineering	g 33	66.546	31.164	17.9
Food and beverages	. 26	53,321	25.591	14.7
Furniture	. 12	13,903	6.790	3.9
Chemical products	. 41	47,246	17.620	10.1
Paper and paper products	. 15	19,178	8.360	4.8
Printing	. 7	12,010	5.160	2.9
rextiles and weaving	. 5	8,866	3.815	2.2
Marine and oil field service	s 8	31,915	18,375	10.5
Miscellaneous	. 5	2,696	715	0.4
Total	. 220	376,534	173,502	100.0

The Industrial Bank, founded 10 years ago, is perhaps the main engine of Kuwait's diversification policy. Its job is to conduct the feasibility studies that decide which industrial projects will qualify for cheap loans and other considerable government incentives.

The bank can lend long-term

dise industries that do not make commercial sense but will only discover that they can never be competitive in export markets. "White elephants are the re-

white elephants are the result of a conceptual misjudgment," Mr Toutounii says.

The bank has been lending at the rate of about KD 30m a year to between 35 and 40 projects. Its involvement in the at the rate of about KD 30m a at the rate of about KD 30m a at 5 per cent interest, and will sometimes take an equity stake in order to stimulate private fivestment. The Government leases sites at very nominal rent, pays for the infrastructure, provides cheap power and introduces tempotrary import controls where necessary. It will also give local industry taxibilities where necessary. It will also give local industry taxibilities and preferred-supplier status provided product quality matches that of imports and to prices are no more than 10 per feent higher than those of im-

prices are no more than 10 per cent higher than those of imports.

There is no formal industrial development strategy, however, and the bank applies its own criteria. The bank's executive manager. Mr Lucien Tontounil, says: "We either make things that make sense, or we don't make them at all." For him, the best industrial policy for Kuwait is to let the bank apply its own commercial test.

Other Gulf states may subsi-

Foreign workers essential to the economy

states on the western side of the Gulf, nationals are in a minority in Kuwait. The 1980 census showed there were 565,000 Kuwaitis compared to 792,000 paragriculas. The discount in

population.

Kuwaitis are numerous, however, compared to the rest of the Gulf. Abu Dhabi and Qatar each have only about 70,000 citizens. Like them the country has two labour markets, migrant and national, but the latter is more variegated and better educated than in the rest of the Gulf with the single expectation of Behavior

ception of Bahrain.

Kuwait also differs because a larger proportion of its immigrant population is from the Arab world. The percentage is new falling but in 1075 age is now falling but in 1975 one in five people in the country were Palestinion or Jordanian. The number increased rapidly after independence in 1961 and, together with Egyptians, they make up a large proportion of the professional class.

From the late 1950s, the need for unskilled labour was mainly filled by Iran and Iraq. The opportunities available in Kuwait were much greater than those at home. Political instability and the wish to avoid military service were additional motive for

It was only in the 1970s that oil wealth in Iraq and Iran began to ensure that both ceased to represent a pool of cheap labour for Kuwaiti construction sites. By then in any Saudi Arabia. "The truth

"MATRIMONIAL proposal invited from Christian girls for a Kerralite Christian youth, 31 years, working in a semi-government company," reads a small ad in a Kuwaiti newspaper. In column after column day after day the maintenantial ambitions, accommodation meeds, employment opportunities and changes of name of Kuwait's Asian immigrant population are revealed.

As in the the other small oil states on the western side of the

They did not remain behind to add to the total labour force. There is a clear division of labour in the expatriate communities. For instance out of 21,700 teachers in Kuwait in non-nationals. The disparity in the work-force is even more pronounced with more than 70 per cent of the labour force drawn from the mon-Kuwaiti from the non-Kuwaiti from the no

Overall the foreign labour force is clearly vital to every sector of the Kuwaiti economy.

Labour

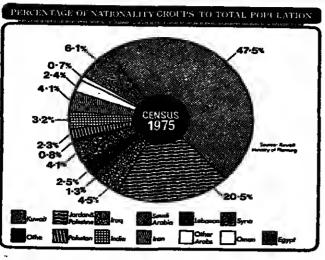
PATRICK COCKBURN

Its presence is also a crucial method by which the Government distributes money to its own nationals and spreads out the oil wealth. A newly arrived migrant worker will often spend up to 60 per cent of his income on rent to a Kuwaiti landlord. However, the speed at which the foreign labour force increases may be curtailed in future for three reasons. Much of the infrastructure in Kuwait is already built and while some new facilities such as power stations are needed they will probably be built by workers living in enclaves and separate

struction sites. By then, in any case, their citizens were having to compete with much cheaper Astan labour.

Astan labour.

labour has created nervousness. At all levels the shortage of more and more strictly.



political tension in Middle East increased after the tranjan revolution, governments in the oil states eyed their immigrant communities with some anxiety. The 1980 census also showed bow the Kuwait proportion of the population had fallen

Government apprehensions are mirrowed at a popular level. A study carried out by two academics from Kuwait University last year showed that 44 per cent of 22,883 nationals from Gulf countries who filled in a questionnaire felt "their economic well-being" apprehensions threatened by expatriates.

Last September illegal residents in Kuwait were given two in Kuwait were given two in the company of the com workers have now departed. Others will find it more diffi-cult to shift job and employer within Kuwait in future.

The impact of the departure of illegal residents bas been rapidly reflected in the unskilled and semi-skilled wage levels. In some cases the daily rate for an unskilled worker bas tripled to KD 15. The worst hit by this, apart

from the departed workers themselves, are local contractors who suddenly find their costs soaring as they have to pay more for labour,

International contractors bave an advantage here. They often bring their workforce with them and are therefore largely immune to changes in the local labour market. A skilled welder is said to cost KD 8 a day if brought from outside but KD 25 if hired in Kuwait. Many local contractors be-

lieve the Government will relent in its new policy because of the economic cost. They may be right. But tighter resident and immigration control is the patis that every additional job to compete with much cheaper Astan labour.

In 1975 the census showed Indians and Pakistania as forming only SS per cent of the population. There was no significant Indian merchant class as in Dubai. But in the following years, the statistics aboving the number of residence permits issued for the first time for workers in the increasing preponderance of Asians.

Is that every additional job lieve the Government will relent to its new policy because of the this will in turn entail considerable and this has been used to give immigration control is the particular to its new policy because of the this will in turn entail considerable and this has been used to give immigration control is the particular to its new policy because of the this will in turn entail considerable and own the Gulf important to its new policy because of the this private cost. They may be this will in turn entail considerable and this has been used to give immigration control is the particular to its new policy because of the fight in turn entail considerable and this has been this has been at the first time for the fill was an interest on the fill was an interest on the fill was an interest. The power to grant nationality to thousands of bedouin.

It is sometime to the power to grant nationality to thousands of bedouin.

It is sometim

the Kuwaiti labour will continue, r the The vast majority of jobs will nents continue to be filled by

But the number of Kuwaitis in the labour force should soon increase rapidly. The rate of natural increase is high and almost half the Kuwaiti population is under 15. By the 1980/ 81 academic year there were 153,000 Knwaitis at school and another 9,000 at university, a third of them overseas. The number of liliterates in the population should also diminish.
In theory these educational
advances should lead to
Kuwaitis puahing many ex-

patriates out of professional positions they currently occupy. involve an immediate loss of status.

But the chief consideration

for Kuwaitis is the availability

of employment in the civil service, Mr Shamlan Yalessa In his study of the manpower problem in Kuwait notes that as in other less developed countries "education is a pass-port to the Government's bureaucratic hlerarchy." The Government gives reasonable salaries in the civil service regardless of degrees acquired.

Most government offices are
heavily overstaffed in order to
provide these jobs and presumably will continue to be so, The basic distinction be-tween the two labour markets is, however, unlikely to be eroded. Native Kuwaitis are defined in the 1959 Nationality Law as those who lived in Kuwait before 1920 and have continued to live there ever since. The Government does

We help develop the Arab world.

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Waiting for the war to end

Many one-man truck operators have already gone to the wall, while small and medium-sized businesses are facing severe difficulties. Importers are stuck with large inventories of trucks -including Mercedes, for which buyers were willing to join a waiting list not so long

The investment in the industry is large by any standards. By early 1982, there were some 3,000 trucks working the Iraq route, of which about a third were operated by trans-port companies and the remainder by clearing houses

and owner-operators. At an average cost of Steam out of the boom by early (ND 20,000-30,000 (\$68,500-1982. After the Iranian counterstance, these represented a total them almost to the gates of the steam out of of the steam capital investment of up to \$300m. This does not include the costs of administration and

The boom started after the Gulf war and the closure of Iraq's only port at Basra. Traffic volume built up throughout 1881, when Iraq attempted to pursue a "guns and butter" policy. Accurate estimates of the trade are difficult to come by. Official statistics show a intal of more than 6m tonnes in 1981 but these are widely thought to be exaggerated—"fur good political reasons," as one source said. A more tralistic estimate is that 3.5m tonnes went through Kuwaiti ports en routo to Iraq.

roulo to Iraq.

The Government has been amhivalent about the trade. It

ECONOMIC retrenchment in Iraq and a recession at home induced by the stock market crisis have combined to decimate the once-booming transit trade through Kuwait.

Sureharges of up to 20 per cent on basic freight rates.

Further problems were caused by the requirement that almost all transit cargoes be handled by direct delivery. This meant that they had to be uploaded straight direct delivery. This meant that they bad to be unloaded straight from ships to trucks without touching land, which required organisational skills which only a few trucking or clearing firms

possessed.
These and other restrictions drove away much of the trade to the Saudi port of Dammam, where the Iraqis were given carte blanche to run their own operation out of 30 berlhs, accounting to the peak for some IS per cent of the port's capacity. This made the route

the costs of administration and maintenance facilities, spare parts inventories or other overheads.

The boom started after the Gulf war and the closure of Iraq's only port at Basra. Traffic volume built up throughout 1981, when Iraq atlempted to pursue a "guas and butter" of The trend has stabilised some-

carlier.

The trend has stabilised somewhat since then, as imports continued for existing contracts in Iraq. But as Iraq's financial problems grow and decelopment schemes are shelved, there seems little doubt that volume will stadilly declina unless there.

tors working in Iraq. They offered a comprehensive pro-curement service, building up

sion at home, where economic activity has slumped in the

cheaper than through Kuwait, despite the extra distance of almost 400 km.

Competition from Dammam—and Aqaba in Jordan—took the steam out of the boom by early 1982. After the Iranian counter. them almost to the gates of Basra, the trade fell off further and freight rates were squeezed as nperators tried to maintain

seems little doubt that volume will steadily decline unless there is a speedy end to the war.

The damage is not limited to trucking companies. The trade had simulated complementary industries, including the oranifacture of trailers and truck bedure.

Several Kuwaiti companies developed their business beyond simple trucking in 1981 and 1982, aiming to make Kuwait a service centre for contrac-

stocks of inventories or even setting up factories to manufacture building materials, accessories and equipment.

Many of these were hit by the fall-off in business, which coincided with a serious reces-

Transit trade and ports SHAKIB OTAQUI

aftermath of the Soug al-Manakh crash To make matters worse, the slump coincided with bistorically bigh interest rates—reaching a 20 per cent peak in October 1982—which made financing these inven-tories ruinously expensive. The

before a ship is granted berth-ing priority has been drastically reduced. Refunds of the 5 per cent guarantee required on transit cargoes—to ensure that

war ends. Iraq will then face a massive reconstruction effort, while Basra port will take years before it can cope with the demand.

In preparation for this trade, Kuwait is well into a port expansion and modernisation programme. The country's first purpose-built container terminal opened at Sbuaiba port in May 1982, it is capable of handling 220 ships and unload up to im

Shuaiba port was designed to handle imports and exports for the industrial area of which it is part. This bas developed more slowly than expected, making up to 10 berths available for transit cargoes. Shuwaikb port, on the other band, bas mainly been used for Kuwait's general imports, with ooly two of its 18 berths available for the transit trade.

Shuwaikh's annual handling capacity will be more than

Shuwaikh's annual handling capacity will be more than tripled, to 20m tonnes, when a major expansion is completed by the end of the 1980s. Together with Shuaiba's expanded capacity, this should be sufficient to meet Kuwait's needs — both domestic and transit — to the year 2000.

The expansion was originally

tories ruinously expensive. The situation has since eased somewhat, with interest rates for commercial loans down to about 11 per cent in midbase been caused to the economy, the Government has recently moved to ease the earlier restrictions on the transit trade. The percentage of Kuwait-bound cargo required before a ship is granted berthing priority has been drastically reduced. Refunds of the 5 per cent guarantee required on

AMC has submitted its revised plans for the port, with tenders expected to be invited in mid-1983. Construction should take about six years, at a total cost of about KD 200m. Two-thirds of the berths will be devoted to containerised cargo, both roll-on, roll-off (ro-ro) and lift-on-, liftoff (lo-lo). Port management will be further improved with com-

arriers for grain shipments.
The opening in a new market for Alam Steel Industries, which should take about KD 200

To Alam Steel Industries, which had been facing slack demand Kuwaiti bound cargo, leading to the Rolling delays for ships with transit carroes. At the Pock, an agerage of 60 ships with transit carroes. At the Pock, an agerage of 60 ships with transit carroes are the pock, an agerage of 60 ships will reach design capacity of gays each. Pemurrage charges probably added up to some \$40m, in addition to congestion \$1,000 trucks a year by 1980.

The first Ducks will rule of the recession on the industry. In the longer term, however, it aims to help Kuwait to exploit the renewed business that will come after the port and the port should be assed by an imaginative plan to build a causeway across Kukait bay longer that will come after the port and the port should be assed by an imaginative plan to build a causeway across Kukait bay longer term to be produced. The controlled electronic weighted for a number of computer controlled electronic weighted for a number of computer controlled electronic weighted for a number of computer controlled electronic weighted for the first Ducks will rule of the first Ducks which should make enforcement easier. However, many existing truck fieets will be made obsolete.

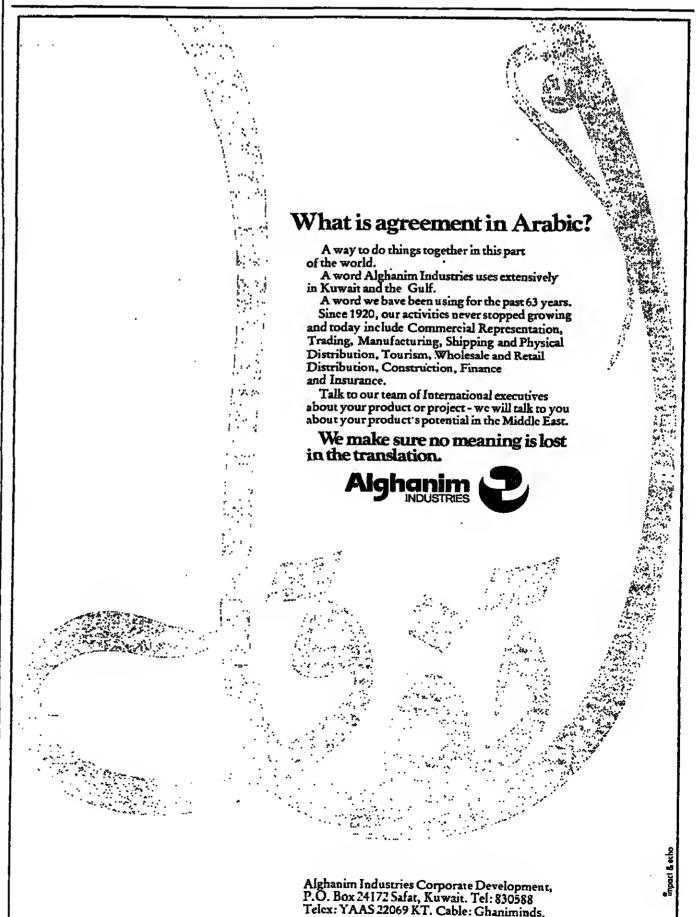
The first Ducks will rule off the first Ducks will rule off the port and the port should be eased by an imaginative plan to build a causeway across Kukait bay longer term to be produced to containerise, a total cost of about KD 200

Two-thirds of the berths of earno, a total cost of about KD 200

Two-thirds of the berths of the decion and lift on. Inton (Itolo) (Port management will be made obsolete.

The first Ducks will rule off the truck loading in the work of a number of computer controlled electronic weighted to containerise, and the decion and produced to containerise, and the decion and produced to containerise.

The first Ducks will rule the first produced to the decion and lift on. Inton (Itolo) (It





COMMERCIAL FACILITIES COMPANYS.A.K.

شركة السهيلات التجاربيّة (شعن)

5 YEARS OF PROFITABLE GROWTH

Year ended 31st December	Total Assets KD 000s	Total Receivables KD 000a	Shareholdera' Equity KD 000s	Profit KD 000s
1978	2,798	2,077	1,490	72
1979	11,493	10,053	2,627	422
1980	19,417	16,656	4,725	957
1981	28,339	24,026	7,079	1,647
1982	38,014	33,555	11,325	1,777

We would be pleased to send copies of the Fifth Annual Report, including the Audited Accounts for 1982, on request,

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investment, real estate and finance in local, pan Arab and international markets.

The new expatriate lifestyle

of old bousing are swept away. Vate sector companies. at all, were alm The long-term resident who watches these changes day by tends to be younger, perhaps in This year, as day finds them less noticeable because to him they are gradual. Only when a new ring road or flyover helps, or more often obstructs, his twice-daily drive to the office does he comment.

The same is true of the social environment and it is only when one leaves an alien society such as Kuwait that one concentrates the mind and thinks what to make a lifetime's career in changes, imperceptible as they occurred, have in fact taken will be one of a series of over-

place.
During the past seven years more diverse. After a supper party a year or so 2go the bost and hostess were mildly sur-prised when their visitor from England, for whose entertainment the party was held, pointed out that the 20 guests bad embraced no fewer than

a matter for regret that today there is much less social inter-change hetween Kuwaitis and Western expatriates. At one time it was customary for senior expatriates to visit their Kuwaiti chairman's diwaniya on ceremonial occasions such as an official holiday or even to celebrate a family event. Often the courtesy would be returned at Christmas or to mark a birth-day. Today such visits are largely confined to official occa-

The Kuwaiti and the Western expatriate communities have tended to become more selfcontained and, while relations remain cordial, they tend to be confined to husiness contacts. This makes it particularly difficult for expatriate wives to make any meaningful contacts with their Kuwaiti counterparts, or indeed the Western wives of their husbands' Kuwaiti col-

leagues.
Within the Western community itself there has been a significant shift in average age and type of scrvice. Only a few years ago there were many who had spent much of their working life in Kuwaiti; typically they included doctors, both in the government health service and in the Kuwait Oll Company's hospital in Ahmadi, tech-nical experts in the water and electricity department, and in the oil company, Kuwait Air-

THE OCCASIONAL visitor to ways pilots and administrators obtain than whisky. This may bought on the beach, are now known blocks appear and area commercial banks, the invest-tower blocks are commercial banks. tower blocks appear and areas ment companies and many pri- who, in the past, if they drank conservation reasons,

> his mid-30s, with young chil-Expatriate teenagers are few and far between and, as a result,

find Kuwait somewhat restrictive even for holiday visits, as there are few opportunities for the sort of diversions they

seas posting to different places.

Often these work for Western the Western foreign community has become both larger and whose stay is limited by the whose stay is limited by the duration of the project on which After seven years they are engaged. Others may working in Kuwait, a working in Kuwait, a but no longer find they have the prospect of huilding a long-term career. They have rather been hired for a specific vacancy or task and find that that is the limit of their expectations. More dispersed to the special workforce.

After seven years

Working in Kuwait, a change is the great expansion of Kuwait's residential subnrbs. Where, seven years ago, there was a slightly primitive nine-thought forcing workforce.

The most noticeable physical change is the great expansion of Kuwait's residential subnrbs. Where, seven years ago, there was a slightly primitive nine-thought forcing workforce. eight nationalities. As it hap-pened this included one Kuwaiti.

The residents find it is the limit of their expec-tations. More rigorous enforce-ment of the residence laws and

> Turning to living conditions. there is no doubt that the move towards a more rigorous view of Islamic orthodoxy has led to a hardening of attitudes at least io public statements by the authorities. Some members of the national assembly are also prone to denounce corrupting influences in their midst. The practical effects of these statements is harder to discern.

haps harder to obtain than some years ago and prices are certainly higher, particularly in the couple of months before Cbristmas. Gin on the other supplanted the reconstituted the reconstituted to the reconstituted the reconstit hand, which used to be a rarity on the black market, is now no more (and no less) difficult to suppranted the Danish-Kuwait to watch most evenings. There are also numbers of Australianis that fresh-caught shrimps, made historical drama series. hand, which used to be a rarity on the black market, is now no

at all, were almost exclusively

Interior forbade celebrations of hotels and similar public places. In previous years the hotels who had already taken bookings, successfully appeared against this ruling. This year the Ministry, having grown wiser by experience, issued their ruling early enough to prevent bookings being made.

The effect on Western expatriates, who in any case

do most of their entertaining sponsorship regulations make it at home, was minimal.

less easy than once it was to move to another joh in Kuwait.

Apart from the problem of the move to another joh in Kuwait. alcohol, availability of the other good things of life has

certainly hecome easier.

The occasional cheese famines that used to strike the Western-style groceries are now a thing of the past. Mushrooms can now be bought at any time of the year instead of only during a few hours on Thursday afternoon when the weekly Cyprus Airline flight came in. For four to six weeks in February and Black market scotch is per- March locally grown straw-aps harder to obtain than some berries are available and

This year, as in several pre-vious years, the Ministry of the any tolerable design used to be Christmas and the New Year at is now easier and the choice is wider.

Household staff in the past was often a Goan cook-houseboy. Today the Western family more often has an Indian, Sri is partly o reflection of the fact that they bave young children living at home rather than teenagers coming only in school holi-days. It is also increasingly difficult to find apartments designed to provide a room for a living-in servant.

After seven years of The most noticeable physical working in Kuwait, a change is the great expansion stretching all the way to the sixth ring road. Many of these are let to expatriates particularly those with small children who need a garden.

Entertainment and social activity is still predominantly in the home though the variety and quality of hotels and other

For home entertainment, Kuwait TV now provides an English language channel which offers certain pleasure to con-noisseurs of the docal view of how news should be selected and presented. Those who enjoy nature and wild-life pro-grammes can find something

Household appliances have never been a problem in Kuwait but basic furniture of any tolerable design used to be very expensive. This situation is row easier and the chain in the world Cup received blanket coverage except for chose matches where the referee was an Israelii. For those games one had to switch to Bahrain TV, which also offers a wider splection of archive

a wider selection of pro-grammes of British origin. New sea-clubs are springing up which, at some cost, offer anchorage for yachts and faciliboy. Today the Western ramity more often has an Indian, Sri ties for water sking or wind-Lankan or Filipino maid. This surfing. Several of the larger football chros also have tennis and squash courts as do some of the hotels. Cricket, hockey and rugby are still played almost entirely at the KOC sports grounds in Ahmadi.

Few Westerners are able to match the skills of the Indian and Pakistani players of the first two but rugby is exclu-sively a sport for Welsh, English and Australians.

Finally there is the perpetual problem of dealing with the Knwatti bureaucracy. Most Knwatti bureaucracy. Most well-organised companies em-ploy a full-time "mandoub" (fixer) who knows his way round the relevant departments.

Driving licenses for non-working wives are less easy to obtain than at one time in the past but Westerners can usually succeed with perseverance.

in the home though the variety and quality of hotela and other restaurants has grown to the extent that it seems impossible that they can all be profitable. The competition has not led to any noticeable reduction in prices, however.

For home entertainment, Kuwait TV now provides an

Telephones are another matter again. Generally once the connection has been made the service, touch domestic and international, is adequate and reliable unless there has been umsually heavy rain. Getting a line installed in a new pro-perty, however, is a Kafkaesque night-mare.

New rules add to pressure

CONTRACTING WORK in Kuwait is proverbially a mine-field where profit margins are narrow, if there are any at all, and clients are ruthless. Certainly contracts are fightly worded, have virtually no latitude for price adjustments and competition is harsh.

board which hy dint of ruthless should get a larger share of the work then going to international manages to avoid unrealistically consultants is a fine long-term policy but in the shorter term has problems. Local consulting companies are definitely increasing their activities both in terms of volume of business and excompetition is harsh. competition is harsh.

date contractors Kuwaiti clients mainly pay involces on time.

invoices on time.

Business conditions are, ungenerally also heads for the doubtedly tightening, however, lowest bid. Foreign consultants sultants and contractors, get a bigger share of the action. One of foreign consultants' more frequent comments is the tendency in the private sector—and the ruling on government contracts—to take the lowest bid can lead to erosion of standards.

"We would like to see a better concept of value for money from our clients," sald one foreign consultant, adding that on the charges permitted it was extremely difficult in keep proper professional standards and service and make a profit.

The question of Ruwaiti clients usually accepting the lowest bid is always vexed. In government contracts this is mandatory under the 1964 law governing public tenders with the procedures conducted through the Central Tenders Committee. There are excep-tions, for example, in Ministry of Defence procurement. In the of Defence procurement in the specifications very and to anticipate crises. Client by these requirements since carefully."

Ministries will consider claims ment in the specifications very and to anticipate crises. Client Ministries will consider claims immigrately in the specifications very and to anticipate crises. Client Ministries will consider claims immigrately in the specifications very and to anticipate crises. Client Ministries will consider claims immigrately in the specifications very and to anticipate crises. Client Ministries will consider claims immigrately in the specifications very and to anticipate crises. Client Ministries will consider claims and to anticipate crises. Client Ministries will consider claims immigrately in the specifications very and to anticipate crises. Client Ministries will consider claims immigrately in the specifications very and to anticipate crises. Client Ministries will consider claims immigrately in the specifications very and to anticipate crises. Client Ministries will consider claims immigrately in the specification of the specifications very and to anticipate crises. Client Ministries will consider claims immigrately in the specifications very and to anticipate crises.

under somewhat less pressure. All large contracts are organised competition is harsh.

However, consultants and contractors who know the ropes make profits, have stayed for client Ministry which usually has some years and expect future phase of urban and civil works development and oil and gas sector expansion. One well-established consultant commented that compared with chients in other countries in the region the Ministry of Public Ministry of Public Ministry of Public Ministry of Public Morks in Kuwait really tries to accommodate contractors and through the Ministry of Public Contract was awarded by the contract was awarded though the cost was higher. though the cost was higher. Even without the obligation

tives come into force and as Kuwaiti companies, both consultants and contractors, get a bigger share of the action. tions pertain. Local companies, though like the rest on fixed price contracts, "will go back in and renegotiate," said a con-

Though most contracts are fixed poice, there is some room for manocuvre. For instance, Ministry of Public Works' contracts are generally lump sum fixed fee, where the fixed fee in fixed fee, where the nxeu see m fact constitutes a ceiling to the price. Quite often as the contract progresses, the fob grows, giving room for new negotiations. Very often though bids are submitted as fixed price, consultants and clients are aware that change is likely and consequent repriced.

consequent repriced. But, said a consultant, "In one case we were losing money and went to the client. They were not sympathetic. It was partly due to knadequate management. The next time we wrote the specifications very carefully."

as heavy civil works engineer-

ing. Leading firms, such as Pan Arab Consulting Engineers, Kuwaiti Engineer's Office or Sabah Abi Hanna and Salem al-Marzouk, want the experience of working with international

Contractors

CAROLINE MONTAGU

consultants but cannot provide skills to match the foreign asso-ciate. "The Ministry of Plan-uing doesn't really understand the problem created for inter-national consultants by the ohligation to take on local staff. We have to carry them." As international concerns now

have to bave local associates, leading Kuwaiti consulting firms are in the fortunate posi-tion of being able to pick and choose among the international consultants. They tend to want the lead consultancy position, but some have a more realistic attitude to their expertise. One long-term consultant in public utilities in Kuwait took on a local company for the first time recently, but said: "It's really a hit of a nonsense. The firm is mainly staffed with expatriate Arab with a sleeping Kuwaiti partner. Knwaitis are very un-willing to work in utilities." The most fundamental rule,

It appears, is to create and keep good relations with the clients and to anticipate crises. Client

Korean contracting company gained KD 0.3m extra from a labour cost escalation clause on policy but in the shorter term a KD 7m contract. But, said anhas problems. Local consulting other contractor: "We tried to companies are definitely increasing their activities both in terms of volume of business and expertise. However, there are still shortages of skills in areas such to get on with the client."

Foreign contractors ing corporation tax are also feeling a chill wind. Though there bas been no change in the 1955 corporation tax law, the Tax Department of the Ministry of Justice is tightening up and is prepared to conduct investiga-

Companies may successfully plead losses one year "but the next time you'll be aksed why are you still here?" said a contractor. Partnerships, though not incorporated, seem too to be due for tax, though this is being disputed. The interpretation that partnerships are not incorporated cuts little ice with the tax department. And final payment on contracts will not be released without tax clearance documentation.

Last autumn's clampdown or illegal immigrant labour by the Interior Ministry has affected both international companies and local concerns. Local conractors, particularly major operators such as Mohammad Abdel Mohsin Kharafi, rely to a big degree on subcontractors and their labour gangs. With the deporting of some 6,000 illegal labourers the cost of a labourer has now gone up from KD 5 to KD 15 a day during the past few months. There bave been consequent contract escalation costs and ultimately increased costs to the client.

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"From the domestic servant to the financial director of a local contracting company the new rules caused panic and alarm," said a contractor. These clampdowns seem to be periodic and it is likely with such Kuwaitl dependence on immigrant labour the Govern-ment will somewhat soften its

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Challenges ahead for revived democracy

Kuwait for political leadership in the region, at is for one reason only—the existence of its Parliament. In the Gulf, this assembly of elected deputies is unique, and in the Arab world as a whole, conspiciously rare. Democracy in the Arab world becomes a more and more distant dream with each Middle East crisis, for most of its peoples suffer rule by the military, single ruling parties, revolutionary command coundistant dream with each business are relief by the military, single ruling parties, revolutionary command councils and monarchs who govern

Precious and more though the assembly is, it has many detraciors. It has been called a narliament of bedu. Many Knwaiti voters still elect their representatives according to tribal loyalities. It has been called a collection of the elite elected by the rike, At the last election in 1981, the electoral roll represented only 3 per cent of Kurnië's republisher only of Kuwait's population; only 45,000 people were elegible to participate in the ballot to elect 50 members. Some of its constituencies number only 2,000

In Kuwakt, only those citizens who can arace their origins in the state back to 1920 and beforc, are allowed to vote and stand as candidates. Wamen, so far, have been denied the privilege of the vote, but their groups are said to be working hard on that by canvassing individual deputies. However, while all males in the Gulf area are denied any democratic rights, it would be difficult, and potentially embarrassing for Gulf rulers, to see Kuwait award its women the right to

The fact remains, however, that while Kuwait hotly debates whether women should be allowed to vote, other Gulf nationals are still groping with consultative councils appointed by the ruling families. In terms of democracy, Kuwait is light years ahead of its neighbours, a factor which adds to the vulnerability of the national

Parliament has already suffered one suspension in 1976
when the Emir became concerned over its increasing committee which was established during the period of the truculence and the growing lightly of the next day's growing pressures in the future ordinary session of Parliament. From its conservative neighbours ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. Suppose the future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. Suppose the future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. Suppose the future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. Suppose the future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. Suppose the future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. Suppose the future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. Suppose the future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. Suppose the future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. The future ordinary session of Parliament. The legislation put forward by the next day's growing pressures in the future ordinary session of Parliament. The future ordinary s

military, single ruling parties, revolutionary command councils and monarchs whn govern by decree.

Not so in Ruwait. Ruwait's constitution dates from 1962 and was drawn up by a group of Ruwaits and a couple of Egyptian lawyers. Its text guarantees freedom of speech, universal suffuge, secret ballots—all of which in Gulf terms seem almost revolutionary concepts. Read in Riyadh or Muscat, the text of Ruwait's constitution must seem like some raddeal party manifesto.

Precious and rure though classifications are only political shorthand by observers; Kuwait allows no political parties.

The religious element in the assembly bas pushed for a number of changes in the personal and constitutional laws. One item on their agenda is the banning of alcohol for Kuwait's diplomatic community. The Government is boping

The assembly

KATHLEEN EVANS

that the vote on that issue can be taken in secret, with the Press and public excluded, so that members can avoid embarrassment if they vote against the motion. The religious bloc is also attempting to instil into the constitution that Sbaaria law is the sole basis for law in Kuwalt, rather than its main source as the constitution currently states. They are plso insisting that every Kuwaiti national be Muslim, a move which the Government is opposing on the grounds that it is against the constitution which guarantees religious freedom.

Despite its general conserva-tive flavour, Kuwalt's liberals say the assembly has performed better than they expected, and has gained a lot of experience in the two years since their elec-tion. An indication of this, they say, is the opposition which has formed in the face of the Government's attempts to alter

procedures in Parliament.
Essentially this would make it tougher to pass a bill already rejected by the Emir.
In future all bills sent for reconsideration to the assembly will require a two-thirds on majority, or 44 members, rather than a simple majority vote as is nat, required currently in the constitution. Members say that such the a vote is near impossible to it the attain and thus the amendment if the significantly weakens the power all to of the assembly. Western of the assembly western on the assembly and anti-Syrian voting record.

However, when Lebanon was laraelis, the assembly did not recall its members back from boliday for an emergency debate. By the time Parliament was reconvened in October, it was the Soug stock exchange crash which dominated their attention.

Members say in their defence that there was very little that

right to introduce martial law in periods of "exceptional circumstances" for an un-specified length of time. At the moment, the Emir has to seek approval for martial law and the length of its duration from the assembly within 15 days.

The package of the amendments contains some sweeteners for the assembly. The Government has offered to increase the number of deputies from 50 to 60. However, most members of Parliament feel that such a tactic would have the result of diluting the opposition and increasing the bedouin vote in the chamber. There would also bave to be an increase in the number of ministers in Parliament to maintain the one-third ratio between the parliamengovernment

The assembly has already agreed to discuss the amendment in a vote which registered 37 members in favour and 27 against. However, following rejection of the legislation from a Parliamentary sub-committee, it is likely that when the bill resurfaces in the assembly, each amendment will be discussed, item by item. This will inevitably lead to a protracted and painful debate, and few members believe the package will be passed

Parisament.
Political commentators in
Kuwait believe the timing of
this legislation to be significant. With a war in the north just 60 km from Kuwait City, and growing tension in Lebanon, the Arab world is a political

The national assembly has been known to sidestep delicate matters on foreign affairs issues when times are sensitive.

Debates frequently take place several weeks after an incident, never when the issue is still current and hot. The day after tran's major offensive began this month, the matter passed unnoticed by the next day's ordinary session of Parliament.

Nevertheless the Kuyaji as the Gulf Cooperation County of the Press is guaranteed in Kuwait, there has nevertheless been a series of confiscations around the local matters.

The assembly is likely to face growing pressures in the future from its conservative neighbours.

truculence and the growing tension resulting from the Lebanese civil war. In one committee was given the brief of stroke be wheel out a 14-year studying possible changes in the record of uninterupted democratic rule. The intervening five-year period left a bitter five year period left a bitter taste in the mouths of many Kuwaitis.

Elections were allowed to lished during the period of the period of the period of the committee was given the brief of discussed. Last year, the assembly showed its disapproval of the Syrian Government's actions in Hama and velocd an extension of finance for the Arab Deterrent Forces in Lebanon. Shortly after, two but ideas which may not be Kuwaiti diplomats were assassively.

Could have done any way.

Nevertheless, the Israeli invasion of Lebanon has stimulated one motion for discussion. A number of deputies have sup-ported a move to discuss, and ported a move to discuss, and possibly re-examine Kuwait's relationship with the U.S. in the light of their support given to Israel during the invasion. It will be the first time that such a subject has been openly discussed in the Gulf area, and no doubt the doubt the debate will be watched with enormous interest

from other Gulf nationals.

Such attention is bardly welcomed by governments in the

orea, for sensitive topics such as relations with the U.S. are usually discussed in private. Not surprisingly, some Kuwaiti commentators see the Gulf Co-operation Council as a grouping of anti-democratic regimes whose interests do not coincide with the maintenance of democracy in Kuwait. In the of democracy in Kuwait. In the past, the Saudis have been much irked by debates in the national

At the moment, there appears to be an indentity of views be tween the government and the assembly about the proposed Gulf security pact. The Kuwaitis have already rejected a clause in the treaty which gives the right of pursuit of neighbouring police and military forces up to 20 kms of its territory.

Some deputies in Parliament find other parts of the treaty even more alarming. One clause calls for the banning of all books and magazines which carry material which may be offensive to governments and rulers of GCC member states. While freedom of the Press is guaranteed in Kuwait, there has nevertheless been a series of conferentees a series of conferentees a series of conferentees a series.



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A key element in foreign policy

Development aid

PATRICK COCKBURN

SINCE independence in 1961 aid has always been n key ele-ment in Kuwaiti foreign policy. Having evaded an initial terri-torial claim by Iraq it was clear that Kuwait must use its oil wealth to win allies, conciliate enemies and ensure general

cal and this is true of all aid, the way in which it is dispensed is generally more useful to the reciplents than that of other donor states. This is all the more important as the world depression deepens. Generous donors like Saudi

Arabia are already feeling the constraints of reduced oil revenues. Going by previous experience in 1977-78 this will lead to a cut back in grants. In Knwait, however, there is normally greater continuity in This falls into two categories.

Half of ald is given on a government in government basis. This includes budget countries, primarily those con-fronting Israel. Before Camp Dovid this meant Egypt, Jordan and Syria but the Baghdad summit in 1978 cut off ald the President Sadat.

Over the last four years Syria and Jordan have received heavy and Jordan have received neavy subsidies through the Government, but since 1980 the sums they receive have been dwarfed by loans to Iraq. Baghdad has now received 38bn in 28 months and is looking for further subventions. Some Kuwalti officials are adamant that no more will now be paid, but diplomate are convinced that the loans will are convinced that the loans will not be cut off. Government to government ald is not confined to Kuwaiti alter and friends in immedial.

financial need. Ruwait has always been willing to make friends in the Third World with less regard to their political

stance than Saudi Arabia. Even so concessional aid is heavily biased towards the rest

of the Arab world. Aid disbursed through the main de-velopment funds is less political and is orientated towards pro-jects. In Kuwait about half of aid (excluding the loan to Iraq) goes through the Kuwait Fund for Arab Economic Develop-

The KFAED is the doyen of The RFAED is the dopen of Arab aid funds. First established in 1961 it has been the model for the 10 funds set up individually or jointly by the Arab oil producers. By 1980-81 its cumulative loans had reached KD 784m in 186 loans policy to 153 countries. But if the initial and continuing aim of Kuwaiti aid is politi-

Of this total 60 per cent went to Arab countries, 24 per cent to Asian countries and 15 per to Asian countries and 15 per cent to African countries. Most of these funds have been dis-tributed since 1975 when Kuwait was benefiting from 1973-74 price rises. Between the beginning of 1975 and the middle of 1981 loans worth no less than KD 626m were made.
At the same time there has

beeo a significant shift away from project aid to Arab states, much of which now goes in the form of concessional aid on a hilateral basis. In 1980-81 for instance loans to Arab countries accounted for only 36 per cent of the total and Asian countries stood at 35 per cent. This trend

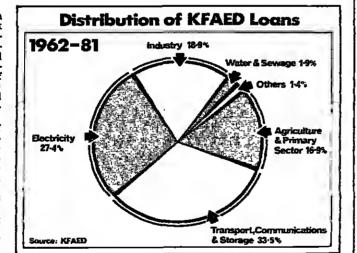
is likely to continue.

Before 'Camp David. Egypt was a major recipient of KFAED leans. Today the countries receiving most aid are Jordan and Tunisia. Both need the money but unlike many other countries in the developing and Arab world, their administrative machinery and educational levels are high munierous worthwhile projects. The emphasis by the KFAED is untikely mainly on infrastructural projects. Because of the fund's long experience it is particularly influential arranging confinancing for projects. The

educational levels are high congrational levels are high congrit for them to put forward numerous worthwhile projects.

The emphasis by the KFAED is mainly on infrastructural projects. Because of the fund's long experience it is particularly influential arranging co-financing for projects. The KFAED is also well equipped to monitor the feasibility of schemes before they start and then to keep a close eye on their progress.

To be much ancered in 1981, or was doubled to KD 2bn in 1981. Last year there was a burst of Kending to a total of \$825m to Ending to Ending to a total of \$825m to Ending to Endi



administrative limited, the capacity provision limited, the provision technical expertise is all the more necessary, in the latter country, for instance, the country, for instance, the KFAED has been particularly involved in financing local schools.

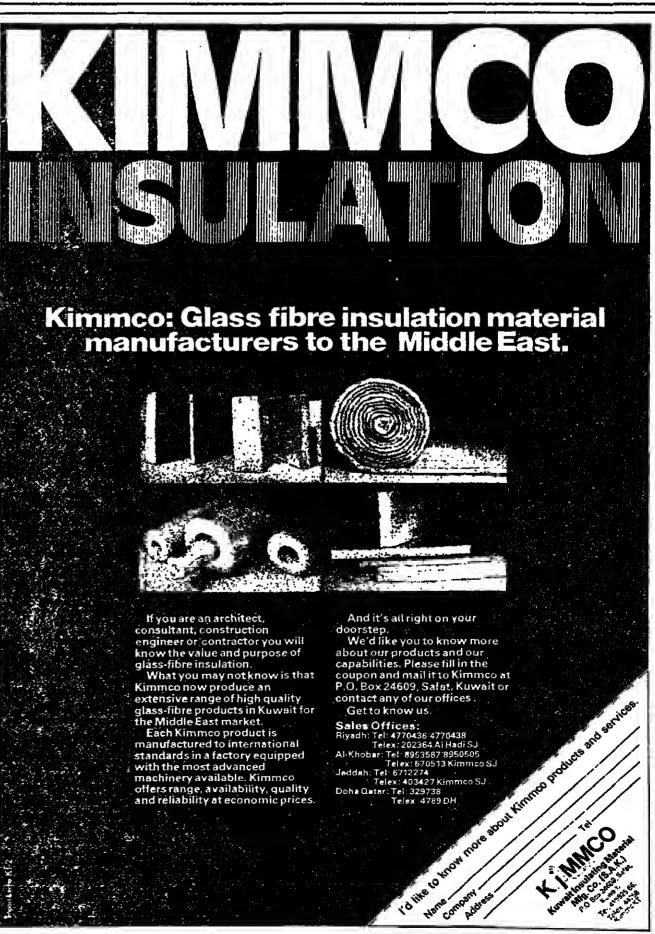
There is now more co-opera-tion between the different funds established by the oil states, but officials of the KFAED see that more funds will be needed over the next few years just when oil revenues are duninishing in

In countries like Maurelania moment, for instance, the and North Yemen, where situation in Lebanon does not

allow us to do anything," but this will change. At the same time there will ment to government assistance from the Kuwait. Developing countries will clearly find it more difficult to garner funds on the commercial market. This gives greater significance to the other funds to which Kuwait is an important donor.

These include the Opec Fund for International Development (OFID) which is based in Vienna and draws most of its funds from the seven Arab members of Opec. It was set up in 1974 after the 1973 oil price rise as was the Arah Bank for the Economic Development in Africa and the Islamic Develop-

But the most important of these aid funds from the point of view of Kuwaii is the Kuwaii-based Arab Fund for Economic and Social Develop-Economic and Social Develop-ment. The largest shareholder in this are Saudi Arahia-Kuwait and Libya and, since it was set up in 1971, all members of the Arab League bave been able to obtain loans. Its opera-tions are in many ways similar to those of the KFAED. Its capital was recently increased to KD 800m and last year it bringing total loans to \$1,602m



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Cast thilly in

Scope for playing the role of mediator restricted

THE limitations of money as an were forced to stand by as instrument of foreign policy was spectators.

The war between Iran and They are mainly filled with pay out of their current income. never more apparent than among the Gulf oil states over among the Gulf oil states over Iraq is the first object of the last year. Heavy subsidies Kuwaiti concern. It is now to Baghdad failed to stop the entering its third year and Iranians driving the Iraqi army there is little sign that it will defeat on them at Khorram-shabr. Intermittent Arab and Islamic mediation has got no-

The Israeli invasion of Lebanon last June provoked a rhetorical counter-offensive by the oil states, but they and their allies in the Arab world were Basra is not far from its nor-unable to do anything. Pay-thern border, the conflict has ments to Syria and Jordan as little impact on the country. confrontation states do not redress the military imbalance between them and Israel. By the year's end Israeli tanks in Lebanon were within 50 males was small but the raid was info Damascus, the Iranian shombed a Kuwaiti bil in northern Kuwait. Damage was small but the raid was information and the raid was information of Parabella.

Guif and the Mediterranean, Kuwait was left with little room to play its favoured role as mediator. In the past this small city state has always sought to arbitrate between the conservative and radical states in the Arab world, but the violence of current conflicts in the region leaves little room for mediation. Kuwait and the other oil states

west and inflicting a significant stop. Tebran seems determined 10 destroy the Iraqi regime either by attrition or by outright assault. If its plans sucsuper power of the Gulf.

This is an outcome which Kuwait is striving to avoid. Though the battlefront east of

With two wars preoccupying the Arabs on the shores of the Gulf and the Mediterranean, Kuwait was left with little room to play its favoured role as a warning by Tehran against Kuwait pressing its support for Iraq too far. The point bad already been made when the Iranians bombed a Kuwait border post.

Egyptians and expatriates who work in Iraq."

The present stalemate on the battle field, which has existed since last summer, is in Kuwaiti interests. The country's two

Foreign policy

PATRICK COCKBURN

most powerful neighbours are wholly involved in the conflict. "The present situation is ideal for Kuwait but they fear it cannot last." says a diplomat. They fear also that Iraq will cottapse and they will be left to face a situation that riumphant Iran conscious that Kuwait and the other Gulf states bave funded and sup-ported the Iraqi war effort.

Kuwalt paid \$6bn in \$2bn

tranches as well as some oil products provided free. Some \$12bn was paid by Saudi Arabia and \$6bn together by the UAE and Qatar. This year, however, pay up again. Conscious of the fall in their oil revenues, a budget deficit, and the money needed to bail out the Soug at-Manakh, Kuwaitis are averse to another drain on their reserves.

" Let the Saudis pay." said an official with mock seriousness, but diplomats in Kuwait believe that the Government will pay up in the end. After all paying Iraq is an old tradition in Kuwait established when Iraqi P. ident Qassem threatened to take over the country in 1961 when it gained independence from Britain.

Iraqi financial needs are clearly very pressing. Since the Syrians cut the Iraqi pipe-line across their terrslory Iraq bas been unable to export more than 650,000 barrels a day of orude. When Saddam Hussein visited Riyach last month he is believed to have asked for another 57bn from the four donor states. This has created much griping but in the end he will probably get it.

Kuwait's reluctance to pay up is all the more because of the refusal of the Iraqis to discuss the issue of the border which has been in dispute for years. In the early 1970s there were occasional skirmishes when the tragis encroached on what Kuwait claims is its territory. The ownership of Bubiyan island is also contested by Iraq.

But Kuwait is used to deal-ing with Iraq both before and after the Baath party came to power in 1968. Iran is not only more dangerous but operates in a different way to Kuwait's traditional rivals. It is, therefore, very difficult for the Kuwasti Government to establish any real contact with the leadership in Tehran.

With Iranian oil production touching 3.2m b/d and reserves

mittently entered Kuwali airspace and made a number of
attacks on the post on the
border with Iraq. In October
1981 an oil installation at Umm
al Aisb was bombed and this
was widely interpreted in
Kuwait as a warning by Tehran.

Since then the Iranian airforce bas not reappeared. This can be partly explained by the decline in franian air power (with less than 90 serviceable

combat aircraft left) but there attacks will be resumed.

In general, however, Kuwait has reacted differently from its

Co-operation Council. As the war between Iran and Iraq has continued, Kuwait has been compelle d to rely more on the GCC

estimated, to be \$5-6bn the than some of its other neighbours. It is on the liberal wing In Opec they have allied themselves with Labya, but are Oman's military exercises with fabra the American and common with the Russians and periodically attempts to persuade its neighbours to do the same. Officials

With little leverage over the two powers to the north, Kuwait is compelled to rely Kuwaft is compelled to rely more upon the Gulf Co-operation Council set up in 1981 to provide some unity to the Arab oil states of the western Gulf. The GCC bas clearly increased Saudi Influence among the other states, but fit too is largely a spectator in the affairs of the region.

Emphasis on diplomacy

rather than arms

selves with Labya, but are fairly open in seeing their role in Opec as being but another aspect of their war against Iraq. Trade with Iran remains limited, though Iranians do seem to be buying small pickup trucks.

Oman's minter, the Americans and some aspects the Americans and some aspects of the domestic security agreements, Kuwait has also been more restrained in building up its armed forces and buying weapons than in the rest of the GCC.

Kuwait foreign policy is also very much averse to anything which would lead to the American Rapid Deployment
Force playing a role in Gulf
defence. So, in theory, is the
rest of the GCC but the new
anti-aircraft radar and missile
system now being constructed
makes little sense unless it has
US backing U.S. backing.

Affairs of the region.

Rowait's enthusiasm for the oil states Kuwait has been the GCC has generally been less most critical of U.S. policy. It

argue that by having no great power ally except Washington the Saudis have muted their influence because the U.S. believes they have nowhere else to go and can therefore be dis-regarded on many issues.

Overall, however, the two wars in the region over the past year bas prevented Kuwait playing its traditional mediating role except in one instance. Oman and South Yemen have long been enemies but in talks under Kuwalt auspices last October the Kuwalt auspices last October the first steps on normalising relations were taken. Last month further meelings took place in Abu Dhabi between the two countries to define their common border. The Omanis are not very trustful of the South Yemenis and vice versa but Kuwait is satisfied with its role in mediating.

In mediating.

Kuwair foreign policy also differs from that of its GCC nelebbours in that it is susceptible to a measure of public pressure. The National Assembly does for instance, make it more difficult to give money to Systa and murmurs against subsidising Iraq while the border differences remain unresolved.

Only Kuwaitis can sit or vote for the assembly but the 250,000

Palestinians in the country are also an important political con-stituency. They provide most of the journalists who produce Kuwait'a newspapers, the free-est in the Arab world after Lebanon.

est in the Arab world after Lebanon.

Even so there was not much Kuwait could or did do when the Israelis invaded Lebanon and laid siege to Belrut in June. With Iraq caught up with fighting Iran and Egypt sitting on the sidelines the two most populous Arab powers in the region were clearly going to do nothing. The GCC could do little but issue statements. In the months since the evacuation of the PLO from Beirut, Kuwait has been waiting to see how the Reagan plan wild develop. Last month King Hussein of Jordan passed through Kuwait briefing the leaders on his talks in Washington and Moscow. He clearly wants to get Gulf support If he decides to go ahead with talks after obtaining PLO backing. The Kuwaits are agreeable to this but without much optithis but without much opti-

Over the next year Kuwalt will wait to see how the two main conflicts in the region will turn out. There is little the Government can do to effect the track in either case. the issue in either case. There is too little room to manoeuvre and for the country to pursue its old policy of mediation and balance.



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has reacted differently from its Gulf neighbours to a possible threat from Iran. The other five members of the Gulf Co-operation Council—Saudi Arabia, Bahrain, Qatar, Oman and the United Arab Emirates—have all added to their already bulging arsenals since the overthrow of the Shah. By 1981 even a country as small as Qatar with country as small as Quiar with only about 70,000 citizens was spending \$892m on defence. This expenditure was given a further boost by the outbreak of the Iran-Iraq war in September Kuwait's defence expenditure

has been more limited, totalling only \$1.3bn in 1981. The country continues to rely largely on diplomacy and establishing good relations with potential enemies. The armed forces are

years. When it became inde-pendent in 1961 it was immed-iately claimed by President Qassem of Iraq. The British flew in troops to defend the newly

Kuwait in turn was always brigades exercise. to be averted. From the early squadrons of Skyhawks and 17 1960s on Kuwait adopted policy of dispensing financial aid at the state of t

build a road through territory claimed by Kuwait. In the following years there was skirm-kuwait had agreed to buy ishing when Iraq occupied a police station at Samitah on the Kuwait was said to bave signed border. At the same time Iraq an agreement last year for its had long been anytime to the same time and agreement last year for its had long been anytime to the same time and agreement last year for its has long been anxious to take pilots to be trained on the over the islands of Bubiyan and Mirage 2000. In November 1982 Warba which would extend France said it would seli Kuwali Iraq's narrow coastline. Despite advanced military equipment.

war Iranian aircraft inter prove an expensive business, mittently entered Kuwaili air. The French bave recently completed a bridge linking Bubiyan to the mainland and a road net-

But for the moment Bubiyan is largely uninhabitable. Its highest point is only 1.5 metres above sea level and at its northern end it turns into dreary mud flats inundated at bigh tide. Its soil is not only marshy but contribute the moment of the contribute of the latter have been delayed because of disagreements over the type of equipments by the contribute of the latter have been delayed because of disagreements over the type of equipments over the type of equipments by the contribute of the latter have been delayed because of disagreements over the type of equipments over the type of equipments over the type of equipments over the latter have been delayed because of disagreements over the type of equipments over the latter have been delayed because of disagreements over the type of equipments over the latter have been delayed because of disagreements o bigh tide. Its soil is not only marshy but contains far more salt than the sea water which surrounds the island. There is little prospect of agricultural

The marshy nature of the soil also limits military deployment Tanks are said to have got bogged down when sent to the island. In future, however, greater military facilities are likely to be built on Bubiyan as a precaution against Iraq. Relying therefore on diplomacy and financial sub-sidies rather than armed force

Defence

Ruwait has given less attention

PATRICK COCKBURN

to building up its miltary strength than other GCC mem-bers such as Saudi Arabia with its \$25bn military expenditure. enemies. The armed forces are strength than other GCC mem-more of a trip wire against a bers such as Saudi Arabia with foreign attack and for domestic its \$25bn military expenditure, security. They do not provide a military option.

Kuwait's different approach is service, but there are only 12.500 largely a result of the state's men in the armed forces as a experience over the last 20 whole.

The 10,000-strong army is organised into two tank brigades and three mechanised infantry Qassem of Iraq. The British flew battalions. There is also a in troops to defend the newly surface to surface missile independent oil state. The hattalion. The main battle tanks immediate threat disappeared are British Chieftains though but Iraq still recalls that these may soon be re-equipped.
Kuwait bad once been part of In the desert outside Kuwait city
Basra province under the Otto- the sand is often pock marked with scrapes where the tank

same time as it tried to stay Staff, recently confirmed that at the point of balance in the airforce had contracted to affairs of the region.

In 1972 the Iraqis tried to fighters from Avious Marcel

EVERY so often in Kuwalt city the \$6bn Kuwalt has given to the Government bas erected Iraq, President Saddam Hussein neat orange signs which say bas not compromised on the "public shelter" and point to the basement of some large building. Other than this there to lease Bubiyan, Kuwait has and establishing some is only 100 miles away.

In the first two years of the military posts there. This will be a numbering 18,000.

Like the other oll states on the western side of the Gulf, Kuwait is extremely vulnerable to attacks on a few vital facilities such as the power stations and desalination plants. There is a poince force reported as numbering 18,000.

Overall Kuwait is extremely vulnerable to attacks on a few vital facilities such as the power stations of the such as the power stations of the such at the other oll states on the western side of the Gulf, Kuwait is extremely vulnerable to attacks on a few vital facilities such as the power stations and desalination plants. There is a police force reported as numbering 18,000.

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Overall Kuwalt bas a more acute sense of its military needs than other oll states with their vast arsenals and reliance on expatriate troops. Like the other three richest states in the

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